

Denver, Colo., via Cheyenne, Casper, and Sheridan, Wyo., to Billings, and Great Falls, Mont.; to the Committee on the Post Office and Post Roads.

10711. By Mr. CLARKE of New York: Petition of Vivian Barrett and 232 residents of Endicott, N. Y., urging favorable action on the stop-alien representation in the United States, to the Committee on the Judiciary; and favoring passage of Senate Bill 3770 and Senate Resolution 170 to investigate the moving-picture industry; to the Committee on Interstate and Foreign Commerce.

10712. By Mr. CONDON: Petition of John Geiger, Alfred E. Millard, Oreste Pieranunzi, Harold S. Thatcher, John A. Brown, Matthew A. Whelan, James H. Dolan, John McManus, and 636 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependants; to the Committee on World War Veterans' Legislation.

10713. By Mr. DELANEY: Petition of Kenny Bros., of New York, petitioning that provisions be made in the Department of Commerce appropriation to continue the plumbing and heating products unit by the Federal Government; to the Committee on Appropriations.

10714. Also, petition of the New York County Andrew Jackson Chapter of the United States Daughters of 1812, protesting against that part of the Connery amendment to the War Department appropriation bill which takes pay from any retired officer whose income is in excess of \$3,000; to the Committee on Appropriations.

10715. Also, petition of the Fellowship of Reconciliation of New York City, protesting against COUZENS's proposal to appropriate \$22,000,000 for sending unemployed young men to citizens' military training camps and urging instead the passage of the Cutting bill, providing \$15,000,000 for local agencies; to the Committee on Military Affairs.

10716. By Mr. DOUTRICH: Petition of Cumberland County (Pa.) Woman's Christian Temperance Union, opposing any change in our prohibition laws; to the Committee on the Judiciary.

10717. By Mr. GARBER: Petition of the Associated Industries of Oklahoma, Oklahoma City, Okla., pledging continued support and cooperation toward securing a more equitable tax or tariff upon imported petroleum and its products; to the Committee on Ways and Means.

10718. Also, petition of the Tonkawa and Carlisle Parent-Teachers Association, Tonkawa, Okla., urging enactment of law establishing a Federal motion-picture commission, declaring the motion-picture industry a public utility, regulating the trade practices of the industry used in the distribution of pictures, supervising the selection and treatment of subject material during the processes of production, and providing that all pictures entering interstate and foreign commerce be produced and distributed under Government supervision and regulation, and specifically urging support of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

10719. By Mr. GIBSON: Petition of Barre Unit, No. 10, the American Legion Auxiliary, Department of Vermont, opposing any proposed reductions in the benefits now being paid and against any revision in the privileges that are now accorded by law to veterans of all wars; to the Committee on World War Veterans' Legislation.

10720. Also, petition of Vergennes Post, No. 14, American Legion, Department of Vermont, opposing present proposed reductions in benefits now being paid or any detracting from the privileges now accorded by law to veterans of all wars; to the Committee on World War Veterans' Legislation.

10721. Also, petition of Nelson E. Pickwell Post, No. 15, American Legion, Department of Vermont, opposing any proposed reductions in benefits now allowed and any revision in privileges now accorded by law to veterans of all wars; to the Committee on World War Veterans' Legislation.

10722. By Mr. HANCOCK of New York: Petition of Maria W. Bishop and other residents of Cortland, N. Y., favoring

the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

10723. By Mr. LEAVITT: Petition of Montana State Legislature to the Interstate Commerce Commission of the United States, advocating a reduction of freight rates on gasoline from midcontinent points; to the Committee on Interstate and Foreign Commerce.

10724. By Mr. PARKER of Georgia: Resolution passed by Chapter No. 60, National Sojourners, Fort McPherson, Atlanta, Ga., recommending the immediate building of our Navy to the limits of the London treaty and that the provisions of the national defense act concerning the Army, Marine Corps, and reserves be complied with fully; to the Committee on Naval Affairs.

10725. By Mr. PERSON: Petition of Woman's Society of Peoples Church, East Lansing, Mich., favoring the establishment of a Federal motion-picture commission; to the Committee on Interstate and Foreign Commerce.

10726. By Mr. SELVIG: Petition of the Woman's Christian Temperance Union of St. Charles, Minn., urging enactment of legislation providing Federal regulation of motion pictures; to the Committee on Interstate and Foreign Commerce.

10727. By Mr. STRONG of Pennsylvania: Petition of New Century Club of Indiana, Pa., favoring legislation to control the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10728. By Mr. SUTPHIN: Petition adopted at the annual meeting of the Brunswick National Farm Loan Association, favoring readjustment in interest and principal payments on Federal land bank mortgages; to the Committee on Banking and Currency.

10729. By Mr. SWICK: Petition of Margaret Peebles, R. F. D. 3, Slippery Rock, Pa., president, Bertha Shoaff, R. F. D. 1, Volant, Pa., secretary, and members of the Women's Christian Temperance Union, of Plain Grove, Lawrence County, Pa., urging legislation to establish a Federal motion-picture commission to regulate and censor the production and exhibition of motion pictures; to the Committee on Interstate and Foreign Commerce.

10730. By Mr. WYANT: Petition of the city of Monessen, Westmoreland County, Pa., urging legislation for issuance of special series of 3-cent postage stamps commemorating the one hundred and fiftieth anniversary of the naturalization as an American citizen of Thaddeus Kosciuszko and his appointment as brigadier general of the Continental Army, on October 13, 1783; to the Committee on the Post Office and Post Roads.

SENATE

TUESDAY, FEBRUARY 28, 1933

The Senate met at 11 o'clock a. m.

NAMING A PRESIDING OFFICER

The Chief Clerk (John C. Crockett) called the Senate to order and read the following communication:

UNITED STATES SENATE,
Washington, D. C., February 28, 1933.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. SIMEON D. FESS, a Senator from the State of Ohio, to perform the duties of the Chair this legislative day.

GEO. H. MOSES,
President pro tempore.

Rev. W. S. Abernethy, D. D., pastor of the Calvary Baptist Church of the city of Washington, offered the following prayer:

Eternal God, our Heavenly Father, Thou who hast promised us daily strength for our daily requirements, grant to us all that we need for this day's duties. May our thinking to-day be on high levels. May the things that we do be according to the highest standards of truth and justice and integrity. Bless, we pray Thee, all who have heavy responsibilities resting upon them. We pray for our President. We pray for the one who is so soon to assume the duties of this high office. We pray for the men who sit in this hon-

ored body. May they be guided to-day in their decisions and deliberations. This prayer we offer in the name of Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of yesterday, when, on request of Mr. McNARY and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 1752) to authorize an appropriation for the purchase of land in South Dakota for use as camp sites or rifle ranges for the National Guard of said State.

The message also announced that the House had passed the bill (S. 5337) to amend the Federal farm loan act, as amended, to permit loans for additional purposes, to extend the powers of Federal land banks in the making of direct loans, to authorize upon certain terms the reamortization of loans by Federal and joint-stock land banks, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 4008. An act to amend article 5 of the act of Congress approved June 7, 1897, relating to the approval of regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States;

S. 4491. An act amending the shipping act, 1916, as amended, for the purpose of further regulating common carriers by water in interstate commerce of the United States engaged in transportation by way of the Panama Canal;

S. 5233. An act to provide for the protection of national military parks, national parks, battlefield sites, national monuments, and miscellaneous memorials under the control of the War Department; and

S. 5469. An act to provide for the creation of the Morristown National Historical Park in the State of New Jersey, and for other purposes.

The message also announced that the House had passed a bill (H. R. 13042) to authorize the transfer of land from the War Department to the Territory of Hawaii, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 5445) to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex., and it was signed by the Presiding Officer [Mr. Fess] as Acting President of the Senate pro tempore.

THE CALENDAR—UNANIMOUS-CONSENT AGREEMENT

Mr. McNARY. Mr. President, I propose the following unanimous-consent agreement, to become effective after the conclusion of routine morning business.

The PRESIDING OFFICER (Mr. Fess). The clerk will report the proposed unanimous-consent agreement.

The CHIEF CLERK. The Senator from Oregon proposes the following unanimous-consent agreement:

It is agreed by unanimous consent that the Senate, at the conclusion of routine morning business, shall proceed with the consideration of unobjected bills on the calendar subject to the 5-minute limitation of debate under Rule VIII.

The PRESIDING OFFICER. Is there objection?

Mr. DILL. Mr. President, I want to call up the conference report on the radio bill before the call of the calendar, if I may do so. I would not want the call of the calendar to interfere with the disposal of the conference report.

Mr. McNARY. The conference report can be brought up during the consideration of routine morning business.

Mr. NORBECK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. NORBECK. I have a resolution lying on the table. Will the unanimous-consent agreement interfere with calling it up?

Mr. McNARY. I particularly specified that the unanimous-consent agreement is to become effective after the routine morning business.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Oregon? The Chair hears none, and it is so ordered.

CALL OF THE ROLL

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Keyes	Schuyler
Austin	Couzens	King	Sheppard
Bailey	Dale	La Follette	Shortridge
Bankhead	Dickinson	Lewis	Smith
Barbour	Dill	Logan	Smoot
Barkley	Fess	Long	Stelwer
Bingham	Fletcher	McGill	Stephens
Black	Frazier	McKellar	Swanson
Blaine	George	McNary	Thomas, Idaho
Borah	Glass	Metcalf	Thomas, Okla.
Bratton	Glenn	Neely	Townsend
Brookhart	Goldsborough	Norbeck	Trammell
Broussard	Gore	Norris	Tydings
Bulkeley	Grammer	Nye	Vandenberg
Bulow	Hale	Oddie	Wagner
Byrnes	Harrison	Patterson	Walcott
Capper	Hastings	Pittman	Walsh, Mass.
Caraway	Hatfield	Reed	Watson
Carey	Hayden	Reynolds	Wheeler
Clark	Hebert	Robinson, Ark.	White
Connally	Johnson	Robinson, Ind.	
Coolidge	Kean	Russell	
Copeland	Kendrick	Schall	

Mr. NORRIS. I desire to announce that my colleague the junior Senator from Nebraska [Mr. HOWELL] is necessarily detained because of illness. I will let this announcement stand for the day.

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The PRESIDING OFFICER (Mr. Fess) laid before the Senate a resolution adopted by the Common Council of the City of Lakewood, Ohio, favoring the passage of legislation authorizing the issuance of a special series of postage stamps of the denomination of 3 cents, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciuszko, which was referred to the Committee on Post Offices and Post Roads.

Mr. COPELAND presented a resolution unanimously adopted by members of the Gyro Club, of Syracuse, N. Y., favoring the immediate stopping of further investigations into the operations of "Wall Street and New York banks" on account of its tendency at this time to destroy confidence, which was ordered to lie on the table.

He also presented a resolution adopted by Maris Stella Council, No. 378, Knights of Columbus, of Far Rockaway, N. Y., opposing the passage of the so-called Hatfield birth control bill, being the bill (S. 4436) to amend section 305 (a) of the tariff act of 1930, and sections 211, 245, and 312 of the Criminal Code, as amended, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Council of the City of New Rochelle, N. Y., favoring the passage of legislation authorizing the issuance of a special series of postage stamps of the denomination of 3 cents, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciuszko, which was referred to the Committee on Post Offices and Post Roads.

He also presented the petition of the Woman's Home Missionary Society of Sanitaria Spa, N. Y., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

He also presented a resolution adopted by the executive committee of the Albany County (N. Y.) American Legion Auxiliary, favoring the full carrying out of the provisions of the national defense act for the maintenance of the armed forces of the United States, which was ordered to lie on the table.

He also presented a resolution adopted by the Buffalo (N. Y.) Flour Club (through its executive committee), opposing the adoption of the plan of farm relief known as the domestic-allotment plan, which was ordered to lie on the table.

He also presented a resolution adopted by St. Lawrence County (N. Y.) Pomona Grange, opposing the making of reductions in appropriations for the Rural Mail Service, which was ordered to lie on the table.

He also presented a resolution adopted at meetings of the Farmers' Holiday Association of Columbia County, N. Y., opposing reductions in appropriations for the Rural Mail Service, and favoring the passage of legislation known as the Frazier farm relief bill, which was ordered to lie on the table.

Mr. WALTOTT presented papers in the nature of petitions of sundry citizens of Stonington, Conn., praying for the restoration of the buying power of farmers through the adoption of a tax-allotment plan so as to raise the domestic-price level, and also the adoption of a manufacturers' sales tax, which were referred to the Committee on Finance.

He also presented the petition of Orville La Flamme Post, American Legion Auxiliary, of Jewett City, Conn., praying for the passage of the so-called widows and orphans pension bill, which was referred to the Committee on Finance.

He also presented petitions of sundry citizens of Bridgeport, Coscob, New Britain, Noroton Heights, and Stamford, all in the State of Connecticut, praying for the passage of the so-called Hatfield-Keller bill, being the bill (S. 4646) to provide for the establishment of a system of pensions for railroad and transportation employees, and for a railroad pension board, and for other purposes, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the common councils of the cities of New Britain and Stamford, in the State of Connecticut, favoring the passage of legislation authorizing the issuance of a special series of postage stamps of the denomination of 3 cents, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army, on October 13, 1783, of Thaddeus Kosciuszko, which were referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the Hamden (Conn.) Chamber of Commerce, favoring the reduction of public expenditures, which was ordered to lie on the table.

He also presented papers in the nature of petitions of Unit No. 111, of North Woodstock; Kiltonic Post, No. 72, of Southington; and Morgan-Wier Post, No. 27, of Litchfield, all of the American Legion Auxiliary, in the State of Connecticut, praying for the creation of a separate veterans' committee of the Senate, which were ordered to lie on the table.

He also presented petitions of Darrow Unit, No. 48, of Guilford; Taftville Unit, No. 104, of Taftville; and the Second District, Department of Connecticut, West Haven, all of the American Legion Auxiliary in the State of Connecticut, praying for the passage of legislation restoring the "48 drills" to the Naval Reserve, which were ordered to lie on the table.

He also presented the petition of Elizabeth Clarke Hull Chapter, Daughters of the American Revolution, of Ansonia, Conn., praying for the enactment of the so-called Hale bill, being the bill (S. 51) to authorize building up of the United States Navy to the strength permitted by the Washington and London naval treaties, which was ordered to lie on the table.

REMONETIZATION OF SILVER

Mr. WHEELER presented resolutions of the Silverbow (Mont.) Trades and Labor Council and the Calumet Joint

Labor Council, of Chicago, Ill., which were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolution by Silverbow Trades and Labor Council

Whereas the present industrial depression in the United States has resulted in the creating of a large army of unemployed; and Whereas the best thought of the country has been directed toward eliminating this condition; and

Whereas there is a bill introduced by Senator WHEELER, of Montana, known as the Wheeler bill, S. 2487, the enactment of which would reestablish the honest or stable dollar of our forefathers as initiated by them in 1792 and enjoyed by the people of this country to 1873, in our opinion this is the most important piece of legislation that has been suggested either in the United States or any other country; and

Whereas its enactment would be highly beneficial to all classes of our people and all the rest of the world, as we do not believe there is enough gold in the world to carry on the trade of the world; and

Whereas under the Wheeler bill it would quintuple the purchasing power of the larger percentage of the world's population, as it would contemporaneously bring the price of silver bullion from 25 cents per ounce to a minimum of 1.29 the world over; and

Whereas under the Wheeler bill it is not proposed to purchase silver, but to place the stamp of the United States mint on silver bullion on a ratio of 16 to 1; and

Whereas we believe this would be the best legislation to bring back prosperity to the whole world, and the only thing that will bring prosperity to the mining States and relieve the present depression:

Resolved, That the Silverbow Trades and Labor Council gives its fullest support to this measure, and that the secretary be instructed to notify each of our representatives to this effect.

LEGISLATIVE COMMITTEE OF SILVERBOW COUNCIL,
C. J. CONNORS, Chairman.
THOS. MCGARY.
H. E. ELLIS.
EARL C. SIMMONS.
TOM BROWN.

Resolution adopted by the Calumet Joint Labor Council February 14

Whereas Senator BURTON K. WHEELER has introduced a bill known as Senate bill 2487 for the restoration of the honest and stable dollar, this legislation contemplated to restore the purchasing power of our people and reopen the industry in our Nation, the remonetization of silver is of vital importance to the progress of recovery in this country, the reestablishment of a stable relationship between the dollar and foreign currencies, thus relieving our price structure from the most destructive of all kinds of competition, that of depreciating currencies of competing nations: Be it

Resolved, That we, the Calumet Joint Labor Council, indorse Senate bill 2487, that the secretary send a copy to each of our Senators and Congressman to request that they give every aid and support for its adoption.

E. J. BUDD.
H. C. DIEHL.
A. J. PALMGREEN.

REPORTS OF COMMITTEES

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 11896) to provide for expenses of the Northern Cheyenne Indian Tribal Council and authorized delegates of the tribe, reported it without amendment and submitted a report (No. 1321) thereon.

Mr. ROBINSON of Indiana, from the Committee on Pensions, to which was referred the bill (S. 3037) to protect labor in its old age, reported it without amendment and submitted a report (No. 1322) thereon.

Mr. HALE, from the Committee on Appropriations, to which was referred the bill (H. R. 14769) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, reported it with amendments and submitted a report (No. 1323) thereon.

Mr. KEAN, from the Committee on Naval Affairs, to which was referred the bill (S. 1656) to authorize the Secretary of the Navy to make a long-term contract for a supply of water to the United States naval station at Guantanamo Bay, Cuba, reported it with an amendment.

BILL INTRODUCED

Mr. HAYDEN introduced a bill (S. 5696) to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes, which was read twice by its title and referred to the Committee on Indian Affairs.

HOUSE BILL REFERRED

The bill (H. R. 13042) to authorize the transfer of land from the War Department to the Territory of Hawaii was read twice by its title and referred to the Committee on Military Affairs.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who announced that the President had approved and signed the following acts and joint resolutions:

On February 20, 1933:

S. 4673. An act to amend an act entitled "An act to incorporate the trustees of the Female Orphan Asylum in Georgetown, and the Washington City Orphan Asylum in the District of Columbia," approved May 24, 1828, as amended by act of June 23, 1874.

On February 21, 1933:

S. 3438. An act authorizing adjustment of the claim of Lindley Nurseries (Inc.); and

S. 4576. An act to authorize the Secretary of Commerce to grant an easement for railroad right of way over and upon a portion of the helium gas bearing lands of the United States of America, in Potter County, in the State of Texas.

On February 23, 1933:

S. 1705. An act for the relief of Samuel C. Davis;

S. 5588. An act authorizing the acceptance of title to sites for public building projects subject to the reservation of ore and mineral rights; and

S. J. Res. 237. Joint resolution authorizing the erection in the Department of State Building of a memorial to the American diplomatic and consular officers who while on active duty lost their lives under heroic or tragic circumstances.

On February 24, 1933:

S. 567. An act to authorize the Secretary of War to sell to the Philadelphia, Baltimore & Washington Railroad Co. certain tracts of land situated in the county of Harford and State of Maryland;

S. 4020. An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict;

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages;

S. 5370. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

S. 5659. An act authorizing the State of Georgia to construct, maintain, and operate a toll bridge across the Savannah River at or near Lincolnton, Ga.; and

S. J. Res. 243. Joint resolution authorizing the President of the United States to extend a welcome to the Pan American Medical Association which holds its convention in the United States in March, 1933.

On February 25, 1933:

S. 4589. An act to authorize the Secretary of the Interior to make payment of part of the expenses incurred in securing improvements in drainage project of drainage district No. 1, Richardson County, Nebr., and for other purposes;

S. 4756. An act to authorize the Veterans' Administration or other Federal agencies to turn over to superintendents of the Indian Service amounts due Indians who are under legal disability, or to estates of such deceased Indians; and

S. J. Res. 256. Joint resolution authorizing the Comptroller of the Currency to exercise with respect to national banking associations powers which State officials may have with respect to State banks, savings banks, and/or trust companies under State laws.

On February 27, 1933:

S. J. Res. 223. Joint resolution establishing the United States Georgia Bicentennial Commission, and for other purposes.

On February 28, 1933:

S. 1044. An act authorizing the issuance to Cassie E. Howard of a patent for certain lands; and

S. 2259. An act for the relief of Mathie Belsvig.

BOARD OF VISITORS TO THE NAVAL ACADEMY

The VICE PRESIDENT laid before the Senate a letter from the senior Senator from Virginia [Mr. SWANSON], which was ordered to lie on the table, and it was read, as follows:

UNITED STATES SENATE,
February 27, 1933.

HON. CHARLES CURTIS,

The Vice President, Washington, D. C.

MY DEAR MR. VICE PRESIDENT: I hereby tender to you my resignation as a member of the Board of Visitors of the Naval Academy. I again desire to assure you of my appreciation of the honor conferred on me by being named a member of the board.

With kind regards and best wishes, I am,

Very respectfully yours,

CLAUDE A. SWANSON.

The VICE PRESIDENT appointed Mr. TRAMMELL a member of the Board of Visitors to the United States Naval Academy to fill the vacancy caused by the resignation of Mr. SWANSON.

ACQUISITION OF LAND AT CAMP BULLIS, TEX. (S. DOC. NO. 207)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for completing the acquisition of land at Camp Bullis, Tex., amounting to \$6,400, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

REMOVAL OF STATUES FROM STATUARY HALL (S. DOC. NO. 208)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, under the architect of the Capitol, for the removal of statues from Statuary Hall, fiscal year 1933, amounting to \$4,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PAYMENT OF FINAL JUDGMENTS—DISTRICT OF COLUMBIA (S. DOC. NO. 204)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the District of Columbia, fiscal year 1933, for the payment of final judgments that have been rendered against it, amounting, with costs, to \$2,932, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 205)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation submitted by the Treasury Department (Bureau of Customs) to pay claims for damages to privately owned property, in the sum of \$100, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

INQUIRY AT DETROIT, MICH., ON GASOLINE DUMPING (S. DOC. NO. 206)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting, pursuant to Senate Resolution 274 (submitted by Mr. GORE and agreed to on July 16, 1932), a report on the results of inquiry of the commission at Detroit, Mich., on the dumping or alleged dumping of foreign gasoline, which, with the accompanying report, was ordered to lie on the table and to be printed.

REPORT OF THE AMERICAN WAR MOTHERS

The VICE PRESIDENT laid before the Senate the report of the American War Mothers, submitted pursuant to law, covering the period from October 3, 1931, to October 1, 1932, which was referred to the Committee on Military Affairs.

AMENDMENT OF FEDERAL FARM LOAN ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 5337) to amend the Federal farm loan act, as amended, to permit loans for additional purposes, to extend the powers of Fed-

eral land banks in the making of direct loans, to authorize upon certain terms the reamortization of loans by Federal and joint-stock land banks, and for other purposes, which was to strike out all after the enacting clause and insert:

That for a period not to exceed five years any borrower who has obtained a loan from a Federal land bank may on application to such Federal land bank and upon approval of such application by the directors of the bank postpone the payment of any unpaid installment or installments in the manner herein provided in this section. Such postponed payment shall be made by paying at the time each succeeding annual installment is due, one-tenth of the amount of the postponed payment, and, in the case of semiannual installments, by paying at the time each succeeding semiannual installment is due one-twentieth of the postponed payment, until the amount of such postponed payment has been paid. In any case in which the number of remaining installments due on the mortgage is less than 10, in the case of annual installments, or less than 20, in the case of semiannual installments, the amount of the postponed payment shall be distributed proportionately over the remaining number of installment payments.

Sec. 2. Section 7 of the Federal farm loan act, as amended (U. S. C., title 12, chap. 7, secs. 711-722), is amended by adding at the end thereof the following new paragraph:

"Whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed in any locality in the continental United States, or that the farmers residing in the territory covered by the charter of a national farm-loan association are unable to apply to the Federal land bank of the district for loans on account of the inability of such association to indorse such loans, the Federal Farm Loan Board may, in its discretion, authorize said bank, at any time within five years after this paragraph takes effect, to make direct loans to borrowers secured by first mortgages on farm lands situated within any such locality or territory. Except as herein otherwise specifically provided, all provisions of this act applicable with respect to loans made through national farm-loan associations shall, in so far as practicable, apply with respect to such direct loans, and the Federal Farm Loan Board is authorized to make such rules and regulations as it may deem necessary with respect to such direct loans, provided no such loan shall be made for more than \$15,000. Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of \$5 for each \$100 or fraction thereof borrowed."

Sec. 3. That subsection "ninth" of section 12 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, sec. 771), is amended so as to read as follows:

"Ninth. For the period of five years after the passage of this act every borrower shall pay simple interest on extended payments the same rate of interest as stipulated in the mortgage securing the loan as to payments not in default and by express covenant in his mortgage deed shall undertake to pay when due all taxes, liens, judgments, or assessments which may be lawfully assessed against the land mortgaged. Taxes, liens, judgments, or assessments not paid when due, and paid by the mortgagee, shall become a part of the mortgage debt and shall bear interest at the rate provided in the mortgage. Every borrower shall undertake to keep insured to the satisfaction of the Federal Farm Loan Board all buildings the value of which was a factor in determining the amount of loan. Insurance shall be made payable to the mortgagee as its interest may appear at time of loss, and, at the option of the mortgagor and subject to general regulations of the Federal Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed."

Sec. 4. Subparagraph (b) of paragraph "fourth" of section 13 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, sec. 781), is amended by adding at the end thereof a new sentence to read as follows: "Every such bank may carry real estate as an asset, for a period of not exceeding five years, at the amount of the bank's investment therein at the time of acquirement of such real estate."

Sec. 5. Section 13 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, sec. 781), is further amended by adding at the end thereof the following new paragraph:

"Eleventh. When in the judgment of the directors conditions justify it, and with the approval of the Federal Farm Loan Board, to reamortize, in whole or in part, the aggregate amount remaining unpaid under the terms of any mortgage, and to accept payment of such aggregate amount on an amortization plan by means of a fixed number of annual or semiannual installments sufficient to cover the interest payable on the mortgage, and in addition thereto such amounts to be applied upon the principal as will extinguish the debt within an agreed period of not more than 40 years from the date of the reamortization; to deposit such mortgages with the farm-loan registrar as collateral security for farm-loan bonds at an amount not exceeding the principal of the original loan remaining unpaid at the date of such amortization; and with the approval of the Federal Farm Loan Board to charge the borrower an amount not to exceed the actual cost incurred in connection with such reamortization."

Sec. 6. Section 14 of the Federal farm loan act (relating to express prohibitions on the exercise of the powers by the Federal land banks) (U. S. C., title 12, sec. 791) is amended by adding at the end thereof the following new paragraph:

"Sixth. To accept as security or additional security for any loan to any borrower under this act, or any installment on any such loan, any security other than first mortgages on farm real estate or Federal land-bank stock; and the transfer to any Fed-

eral land bank of any such security if it may not be accepted by the bank under this subsection shall be void: *Provided*, That any bank may accept an assignment of the landlord's rent to the amount of any taxes paid on such land by the bank, or any interest due."

Sec. 7. That section 19 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 851-856), is amended by adding at the end thereof a new paragraph, to read as follows:

"Such farm-loan registrar shall accept as collateral security in place of mortgages withdrawn, purchase money mortgages and contracts to sell acquired real estate, for a period not to exceed five years, at the amount of the land bank's investment therein. The banks shall have power to execute all necessary conveyances, transfers, and assignments to carry out this provision."

Sec. 8. That the land banks shall use the balance of the \$125,000,000 provided in the act of January 23, 1932, not heretofore so used, in carrying out the provisions of this act for extension of loans or making new loans.

Mr. FLETCHER. I move that the Senate disagree to the amendment of the House, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. FLETCHER, Mr. BROOKHART, Mr. STEIWER, Mr. TOWNSEND, and Mr. BARKLEY conferees on the part of the Senate.

MESSAGE FROM THE HOUSE—ARTICLES OF IMPEACHMENT

A message from the House of Representatives by Mr. Chaffee, one of its clerks, informed the Senate that the House had impeached Harold Louderback, United States district judge for the northern district of California, for misdemeanors in office, and that the House had adopted articles of impeachment against said Harold Louderback, judge as aforesaid, which the managers on the part of the House have been directed to carry to the Senate, and that HATTON W. SUMNERS, GORDON BROWNING, MALCOLM C. TARVER, FIORELLIO H. LA GUARDIA, and CHARLES I. SPARKS, Members of the House, have been appointed such managers.

FEDERAL INSURANCE FOR TIME DEPOSITS IN BANKS

Mr. BORAH. Mr. President, the junior Senator from Michigan [Mr. VANDENBERG] delivered an address over the radio last evening on the subject of the guaranty of bank deposits. That is to say, that is the general subject he discussed. I think the address is worthy of a place in the CONGRESSIONAL RECORD. The Senator discussed a subject which we may have to take up for consideration later.

I desire to read the first three paragraphs in the address.

First. The total credit needs of normal business are greater than any emergency credit that can be borrowed from the Federal Government. Economic recovery finally must come through a renewal of commerce in its natural channels as distinguished from artificial channels created by government. These needs are dependent upon normally functioning banks.

Second. The total employment required to put all our people to work is greater than any Government spending can provide. Private business must serve this ultimate function. But, again, private business must have normally functioning bank resources.

Third. Most of our normal business is done in credits and clearances and not in actual currency. For example, total American clearances in 1929 were \$713,000,000,000, while our maximum currency supply was less than five billions. In other words, our money problem is less a problem in volume of currency than in the velocity of its turnover in normal trade and normally functioning banking.

Thus, this banking function is found at the base of every economic contemplation. Therefore, since public confidence is the indispensable key to normal banking, our most far-reaching challenge is the creation and maintenance of justified and enduring confidence in this behalf.

Mr. President, while I might want to reserve my judgment with regard to some of the details of this address, I think it is an exceptionally able address upon this subject, and I ask to have it inserted in full in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the address in full was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, I discuss to-night the proposal which I have submitted in the Senate to provide Federal insurance for time deposits in banks. Some such measure may prove to be the power that can break the grip of this depression. The stabilization of normal banking, for the benefit both of depositor and bor-

rower, may well have this far-flung effect. Here are three simple reasons:

First. The total credit needs of normal business are greater than any emergency credit that can be borrowed from the Federal Government. Economic recovery finally must come through a renewal of commerce in its natural channels as distinguished from artificial channels created by government. These needs are dependent upon normally functioning banks.

Second. The total employment required to put all our people to work is greater than any Government spending can provide. Private business must serve this ultimate function. But, again, private business must have normally functioning bank resources.

Third. Most of our normal business is done in credits and clearances, and not in actual currency. For example, total American clearances in 1929 were \$713,000,000,000, while our maximum currency supply was less than \$5,000,000,000. In other words, our money problem is less a problem in volume of currency than in the velocity of its turnover in normal trade and normally functioning banking.

Thus, this banking function is found at the base of every economic contemplation. Therefore, since public confidence is the indispensable key to normal banking, our most far-reaching challenge is the creation and maintenance of justified and enduring confidence in this behalf. Successfully established, other recuperative blessings will follow as day follows night.

Of course, confidence has many facets. It never can be divorced from collateral influence like confidence in the stability and sanity and solvency of government, confidence in the integrity of money, confidence in the validity of contracts. These factors are ignored at our peril. The mere suggestion of infidelity to them breeds jeopardy. They defy any panacean substitutes. I am happy to state my own conviction that Congress will desert none of these dependable foundations.

But underlying everything must be mass confidence in the institution of banking itself. This confidence must be a justified reality—the substance, not the shadow. The existing virtues of banking must be emphasized. The weaknesses must be corrected. The public character of banking responsibilities must be acknowledged more than ever in behalf of the depositor. He is the key to our whole situation, because he is democracy's greatest capitalist. If Congress successfully legislates with him in mind it will serve all these pyramiding advantages to which I adverted in the beginning of this discussion.

One aid to this end would be concurrence by the House of Representatives in the so-called Glass banking bill, which is sponsored by the distinguished Virginian who is the highest American legislative authority upon this subject. Thus would we progressively improve the banking structure and contribute to the confidence for which we strive. Thus would we substantially divorce bank resources and stock speculation. We would separate investment banking and commercial banking. We would increase the scrutiny of public control. We would facilitate speedier liquidation dividends in the unhappy event of bank closings. We would sanction state-wide branch banking by permit of each State itself, thus offering at least two new and vitally useful services, namely, adequate banking facilities for otherwise bankless communities, and the opportunity of banking consolidations as a successful preventive of banking failures. All of these considerations trend toward banking health and American happiness.

But my particular proposition to-night is that this healthy banking should be, like any other healthy person, eligible for insurance; and that this insurance, under appropriate limitations, should be warranted by the Government of the United States as a matter of sound public policy and as a final invitation to our unadulterated confidence. I shall submit that this insurance, if feasible, can become the surest means to accomplish all of these objectives which we have been discussing—to end hoarding, release currency, relax and multiply credit, stabilize trade, facilitate new business, build morale, and break the vicious circle from which we would escape. I hasten to acknowledge that the thing is easier said than done. But I shall argue that the presumptions favor its success, precisely as the necessities favor its consideration.

I discuss a new stabilization for time deposits, as distinguished from other deposits, and their Federal insurance supported by cooperative contribution. To forestall prejudice, let me immediately point out that this proposition avoids the traditional infirmities which always have attached to a general guaranty of all bank deposits. Wherever a general guaranty has been tried it has failed, and usually with accumulated deficits and disappointments for the depositors themselves. I refer to State experiments in Oklahoma, Nebraska, North and South Dakota, Washington, Kansas, Texas, and Mississippi. Any general Federal guaranty would reduce sound banking to a dead level with reckless banking and would charge the resultant mortality either to the sound survivor or to the Public Treasury. There could be no permanent advantage in embracing this repudiated principle.

But I decline to concede that the infirmities of a general guaranty make it impractical to contemplate a more limited but scarcely less effectual protection for bank deposits in that particular sector where banking touches our mass citizenship in largest degree, namely, in savings and certificates. This is the sector where contagious uneasiness sometimes generates—often needlessly and without justification, and often in response to idle, empty gossip, if not to actual communist propaganda. It is the sector where the greatest social tragedies follow upon the heels of failures which often could be averted if mass confidence were not

needlessly disturbed. In other words, if these time deposits are protected, our actual problem is conquered. On the other hand, by confining the new protection to time deposits the infirmities of a general deposit guaranty are effectively avoided.

Therefore I am suggesting that a time-deposit insurance fund be created within the Federal reserve system; that these time deposits be made contract deposits in literal fact instead of idle name; and that the insurance fund shall pay any time depositor 75 per cent of his deposit within 30 days of the closing of any insured bank. I submit this would be the beginning of the new confidence which is our first necessity.

The resources of this insurance fund would come from an annual tax of one-eighth of 1 per cent upon all the time deposits in the member banks in the Federal reserve system, plus appropriate annual premiums by nonmember banks wishing to participate. A share of the earned surplus of the Federal reserve system would also annually contribute. Whether this prospectus is actuarially sound would have to be probed by acid test. I only sketch the presumptions in its favor. Suffice it to say that if this system had been in operation for the 17½ years of Federal reserve experience from 1914 to June, 1932, which includes 2 years of heaviest mortality, the fund would have been two and one-half times sufficient to pay all the net losses. Here are the rough figures: Total losses in Federal reserve member banks, \$1,800,000,000; average of time deposits, 42 per cent, or \$750,000,000; average liquidation recovery, 55 per cent. Therefore if the insurance fund paid 75 per cent, its net loss for 17½ years would have been 20 per cent of \$750,000,000, or \$150,000,000. Meanwhile its receipts would have been in the neighborhood of \$375,000,000. I recognize that many new contingencies would enter present actuarial computations. I would want any conclusive opinion to await these considered findings. But I insist that the tentative balance sheet encourages a belief that such a system is well calculated to afford the cheapest purchase of confidence in the history of our institutions.

I ask you to note the implications of this tentative formula.

First. By insuring only 75 per cent of only time deposits, the bank is left completely responsible for all its other deposits (which would have been 58 per cent of its resources during the period here surveyed), and the individual depositor is left with a 25 per cent responsibility to choose his bank wisely. This escapes the major menace which wrecks a general guaranty; yet it serves the major economic and social need which pleads with us for a new element of reliable protection. The security of demand deposits, under such circumstances, would take care of itself automatically.

Second. By requiring that time deposits shall become actual contract deposits, without privilege of waiver, nearly half of the need for complete banking liquidity from day to day is obviated; and this fact, plus the fact that there no longer is any incentive for mass hysteria, will loosen credit and put the banks in position more freely to serve the needs of their communities. One of the chief vices of present banking practice is this fact that time deposits are all actually demand deposits, and banking liquidity has had to restrict itself accordingly. This is one unavoidable reason why borrowers have found it difficult to borrow.

Third. By insuring time deposits all incentive to hoarding ends. Hoarding is as dangerous as it is understandable. Probably \$1,500,000,000 is in hoarding to-day. This is currency. In banks it would create something like fifteen billions of credit money. In other words, this would produce controlled inflation. Put differently, it would produce safe but effectual deflation in natural course. When hoarding ceases and confidence returns, the resources of the Nation will be equal to all of our national necessities.

Fourth. Federally insured time deposits would eliminate the justification for a competitive Postal Savings System, which now sterilizes \$900,000,000 and withdraws it from normal industrial and agricultural use. At least it would eliminate 75 per cent of the necessity for Government bonds as collateral when these postal savings are redeposited in regular banks. This would immediately unfreeze some \$650,000,000 of present banking resources. There are numerous other technical advantages. But time forbids analysis in detail.

In a word, there would be new social as well as fiscal security in the land. There would be new emancipation from worry and loss. To sum up, such a formula could initiate a new era of American confidence; permanently foreclose hoarding; relax credit; stimulate the use of money and credit—which defines trade; would permit us to think and act constructively and optimistically for to-morrow; indeed, it might be the impulse needed to move us off the dead center of stagnation and start us upon our way to those happy days that were featured in a recent campaign theme song.

If my original premise was correct—namely, that basic confidence is the Nation's need—then my conclusion is justified that Congress can best serve the emergency by abandoning discussions that shatter confidence and by pursuing this most fundamental of all institutional sources of confidence.

A prominent banker wrote me last week as follows:

"I believe that such a law as you propose would create in America almost overnight the renewed confidence which can swiftly start us on the up-turn."

He may or may not be right. Frankly, I do not believe that our convalescence is a matter of any one prescription. Ten years of high fever results in ravages that can not be cured by some easy patent medicine. I decline to join the metaphysicians who are perfectly sure they have the magic potion for our ails. There

is entirely too much of this sure-cure propaganda for our own good. I disclaim any dogmatic recommendation that we would be at rainbow's end simply because we insure time deposits in our banks. I disclaim any notion that it can be done overnight, to quote a phrase from the previously noted letter. It can be done only after careful scrutiny of the whole project, with an eye to extra actuarial hazards induced by present times, and with an adequate arrangement to extend the insurance privilege on a reasonable basis to banks that are not members of the Federal reserve system.

Nevertheless, I am entirely persuaded that it can be done, and that it is a healing prospectus of gigantic magnitude, touching, as it does, 15,000 decentralized cash-and-credit service stations up and down the Nation; touching, as it does, not only these 15,000 banks but also the 40,000,000 depositors therein; touching, as it does, the root source of that national confidence which is the wellspring of to-morrow's hopes and aspirations.

The President's research committee on social trends recently observed that the future will call for wide and bold experimentation because of the social relations crowding within governmental influence and control. These enterprises may be bold without being foolish. They may be novel without being insane. I have entered only upon one such field to-night. There are many others. But I insist that this particular one is fundamental. I pretend no finality in the scope or detail of my suggestion. I merely submit a forward-looking philosophy of action, and ask that we determine open-mindedly whether it is feasible and sound.

Our American dedications must be to confidence in ourselves and in our institutions. Confidence must be deserved in order to be stabilized. I believe in America. It is in deep economic distress to-day. But it has been in distress before. Yea, in at least five prior periods in our history the fathers went down into the valley of the economic shadow just as deep as we have gone. But each era was climaxed with a new sunrise brighter and happier than anything in previous American experience. I do not doubt the continuing repetition of this history. I believe in my country. I believe in its destiny. I believe in its leadership and in its people. I believe in its recuperative resources. I believe in its future. In our banking relationships, I would try to make these resources and this future as secure as the Government itself.

REGULATION OF INTERSTATE COMMERCE THROUGH PANAMA CANAL

The PRESIDING OFFICER (Mr. Fess) laid before the Senate the amendments of the House to the bill (S. 4491) amending the shipping act, 1916, as amended, for the purpose of further regulating common carriers by water in interstate commerce of the United States engaged in transportation by way of the Panama Canal, which were, on page 1, line 5, to strike out "means a common" and insert "shall include every common and contract"; on page 1, line 6, to strike out "mainly"; on page 2, line 5, after "between," to insert "intercoastal"; on page 2, line 7, after "between," to insert "intercoastal"; on page 2, line 22, after "destination," to insert: ", and it shall be unlawful for any such carrier, either directly or indirectly through the medium of any agreement, conference, association, understanding, or otherwise, to prevent or attempt to prevent any such carrier from extending service to any publicly owned terminal located on any improvement project authorized by the Congress at the same rates which it charges at its nearest regular port of call"; on page 5, line 20, to strike out "seven" and insert "four"; on page 6, line 7, after "possible," to insert "Nothing contained herein shall be construed to empower the board affirmatively to fix specific rates"; on page 6, to strike out lines 8 to 25, inclusive, and lines 1 to 8, inclusive, on page 7, and insert:

SEC. 4. That nothing in this act shall prevent the carriage, storage, or handling of property free or at reduced rates, for the United States, State, or municipal Governments, or for charitable purposes.

And on page 7, line 14, to strike out "1932" and insert "1933."

Mr. JOHNSON. Mr. President, I move that the Senate disagree to the amendments of the House of Representatives, ask for a conference with the House on the disagreeing votes of the two Houses, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JOHNSON, Mr. WHITE, Mr. BINGHAM, Mr. FLETCHER, and Mr. COPELAND conferees on the part of the Senate.

IMPEACHMENT OF JUDGE HAROLD LOUDERBACK

Mr. NORRIS. Mr. President, I move that the Secretary be directed to inform the House of Representatives that the

Senate is ready to receive the committee from the House appointed to exhibit articles of impeachment against Harold Louderback, United States district judge for the northern district of California.

The PRESIDING OFFICER (Mr. Fess). The question is on the motion of the Senator from Nebraska.

The motion was agreed to and reduced to writing, as follows:

Ordered, That the Secretary inform the House of Representatives that the Senate is ready to receive the managers appointed by the House for the purpose of exhibiting articles of impeachment against Harold Louderback, United States district judge for the northern district of California, agreeably to the notice communicated to the Senate.

The PRESIDING OFFICER. The Secretary will carry out the order of the Senate.

HOBSON'S CHOICE BETWEEN GOVERNMENT OWNERSHIP AND BANKRUPTCY OF THE RAILROADS

Mr. BROOKHART. Mr. President, I ask leave to have published in the RECORD an address delivered by Samuel Untermyer, of New York, before the University Club of Los Angeles, Calif., on the 27th instant, entitled "Hobson's Choice Between Government Ownership and Bankruptcy of the Railroads."

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

The topic of my address is so interwoven with other important problems of the day that it is going to be difficult to entirely separate them. What may at one point appear to be unrelated subjects will be found, when examined at close range, to be closely related. I shall accordingly ask you to be patient.

As only one-half hour is allotted for broadcasting and the address will consume more than twice that time, it has been necessary to separate it into two parts, somewhat at the expense of logical order and coherency, but I shall, so far as possible, endeavor to avoid confusion.

The continued, alarming, and ever-growing depression and the early advent of a progressive administration, loaded down with a defined constructive program and fair promises of a "new deal," have thrust to the front, each clamoring for immediate consideration, more pressing, difficult, and important social, financial, and economic problems than have cried out for solution at any one time in our national existence.

One obvious way of inaugurating this new deal of ours will be to resume diplomatic relations with Russia. I regard our persistent attitude on this subject as mistaken, arrogant, and unjust and blind to our best interests. If we were to sever our relations with every nation that has treated us with ingratitude or repudiated its obligations we would be "on the outs" with most of the important nations of the world.

The tragedy of it all is that whilst these burning questions are harrowing the souls of men and the entire Nation is suffering as one man, we are making no substantial headway, and our social and economic edifice is shaking from pillar to stern from blow after blow struck at its foundations. Candor and self-preservation compel the unwilling confession that conditions are meantime growing worse instead of better.

It would be possible to minimize this desperately gloomy picture by taking counsel of our hopes and refusing to look the facts in the face. But would that be wise? Is that the way to muster such preparedness as may be made available? We have, as it is, been suffering from far too much rapid rainbow chasing. It has served only to add to our troubles. It is high time for us to apply ourselves bravely to the stern problems that confront us with a realizing sense that whilst with patriotism, statesmanship, rigid governmental and private economy, and the repudiation of false gods, selfish leadership, and corrupt high finance and big business, things may and doubtless will in time materially improve, the inflated artificial values and conditions of five years ago can never return. Chief among these problems is that of the railroads.

What, then, are the facts as to the railroads? I have assembled a few statistics relative to the carriers covering the years 1913, 1921, 1928, and 1931.

	1913	1921	1928	1931
Number of miles owned.....	250,000	251,000	249,000	242,176
Operating revenue.....	\$3,193,000,000	\$5,633,000,000	\$6,104,000,000	\$4,188,343,244
Operating expenses.....	\$2,236,000,000	\$4,669,000,000	\$4,422,000,000	\$3,223,600,000
Net railway operating income.....	\$805,000,000	\$601,000,000	\$1,171,000,000	\$964,768,628
Average receipts per ton per mile.....cents.	0.719	1.275	1.063	1.051
Average number of employees.....	1,630,839	1,704,862	1,694,896	1,278,000
Average annual compensation.....	\$761	\$1,666	\$1,702	\$1,665

	1913	1921	1928	1931
Operating ratio.....	\$70.02	\$82.89	\$72.45	\$77.00
Taxes.....	\$122,005,000	\$283,163,000	\$389,225,000	\$358,893,098
Funded debt.....	\$10,429,000,000	\$11,358,000,000	\$12,200,000,000	\$11,153,678,074
Stock.....	\$8,600,000,000	\$8,890,000,000	\$9,600,000,000	\$8,271,876,776
Per cent of debt to capital.....	54.8	56.1	56.0	56.0
Dividends.....	\$369,078,000	\$456,482,000	\$430,677,138	\$330,150,873
Average dividend rate.....	\$4.22	\$5.13	\$7.09	\$5.33
Cost of living index.....	100	206.8	207.1	170.0
Net income in per cent on debt.....	7.72	5.29	9.59	8.61

Details regarding 1932 are not at the moment available. However, operating revenues are estimated at \$3,200,000,000, or almost equivalent to the 1913 figure; while operating expenses are placed at \$2,646,000,000, at the end of 1932, against \$2,236,000,000 in 1913, thus leaving a net railway operating income of somewhat more than \$500,000,000, compared with about \$965,000,000 in 1931. It is now substantially less, probably not more than at the rate of \$350,000,000.

With an original net investment of about \$20,000,000,000, the total market value of railroad stocks and bonds has during the past year ranged between \$6,000,000,000 and \$9,000,000,000 on October 1 last. About \$7,000,000,000 of this represents the market value of over \$12,000,000,000 of bonds; the balance, \$2,000,000,000 or thereabouts, represents between six and seven billions of stock. It appears from the latest reports of the Interstate Commerce Commission that Class I roads will, for 1933, fall short of earning their present interest charges by over \$200,000,000.

It has been disappointing to note that during the 13 years the transportation act has been in force, nothing substantial has been accomplished under that plan and it does not now look as though anything will be accomplished. We have had enough experience to be satisfied that the main purpose of the law consolidating the roads into a few large systems is a failure.

We have 697 operating railroad companies, many of them in competition with each other for freight and passenger traffic. Such competition has long been recognized as distinctly harmful. The companies continue to waste tens of millions annually in ineffective advertising and buying duplicating equipment, largely standing idle, and which has been rightly characterized as in "rusting deterioration."

At the close of 1932, there were over 1,000 railroad executives still receiving, after reductions due to the depression, salaries ranging from \$125,000 per year down—and many of them unnecessary. That probably largely accounts for the failure thus far to make more substantial progress toward consolidating the roads under the transportation act. That interest, supported by the bankers to whom they largely owe their positions, is certain to be an important factor in opposition to Government ownership, although the useful executives would not suffer from the change of ownership, with the possible exception of the many who are still being grossly overpaid.

An uncomplimentary article published in the December number of one of our magazines gives a few current illustrations, indicating the limited extent to which the official managements of the railroads are entitled to the confidence of their security holders. One of the instances it cites is that of the Pennroad Corporation, which is a holding company that was organized and is controlled by the officials and bankers of the Pennsylvania Railroad as a step in that company's career of expansion under the transportation act. They offered Pennsylvania stockholders Pennroad shares at \$15 and thus obtained \$150,000,000 in subscriptions from the investing public, out of which over \$5,000,000 was paid to the banking house of Kuhn, Loeb & Co. as an underwriting commission. The balance was invested in stocks of other railroads such as the New Haven and Boston & Maine at \$120 per share, now selling respectively at \$15 and \$10 per share. Another investment referred to that gives some conception of the stupid, short-sighted policy of these men is that of \$4,500,000 in common stock of the Seaboard Airline, now in receivership, which never had any substantial value and is not worth \$1,000.

The bulk of this \$150,000,000 of other people's money thus administered by these leading railroad men and their "astute" bankers through the Pennroad Co. seems to be a total loss. The present nominal quotation of Pennroad is \$1.50 per share.

The Van Sweringen network of corporations, financed and controlled by J. P. Morgan & Co. through the Allegheny Holding Co., in the course of their activities under the transportation act has proven still more disastrous than the Pennroad if that were possible. One may go down the line with the same sad results.

Why Congress or railroad security holders generally should expect to get any assistance or sound advice toward solving our railroad problems from these outstanding international banking houses that specialize in control of the railroads and have gotten most of them into their present troubles, is difficult to understand.

There can be no question that a large part of our present railroad mileage of 250,000 miles is unremunerative under normal conditions. As long as 15 years ago the traffic manager of one of our leading systems testified that not over one-third of the New Haven or Boston & Maine systems was then operating on a remunerative basis. In support of my argument that no form of management could possibly be more dishonest or incompetent

than that from which we have been suffering, more of the sad story will appear later on.

And yet such is the power of the bankers that if we hope to accomplish anything constructive toward the solution of the well-nigh insoluble problem of the railroads, our first task must be to disillusion ourselves of the belief that Congress or the Government is going to be permitted to be a free agent to decide these momentous problems untrammelled and in the best interests of the country. Nothing of the kind has happened to us and nothing of the sort will happen. It is because of that and of that only that a just solution seems hopeless. Relieved from that handicap, the problem is not in itself beyond solution.

The same is unfortunately true in dealing with our banks, insurance companies, big business and virtually every public activity of these men. We have been for the past quarter of a century or more and are to-day more firmly than ever, everywhere in the cruel grip of high finance, with Morgans as its ruler. When I hereafter use in this sense the name Morgans, as I shall have frequent occasion to do since I regard their defeat as the key to the success of this situation, I mean the entire American and a large part of the foreign banking world that recognizes the house of Morgan as its leader, blindly obeys its decrees and is dominated by its judgments. Even though we may have lost faith in a leadership that has been overwhelmingly demonstrated by recent events to have been blind and mistaken, even though our fallen financial idols have turned out to be things of clay that have plunged us into our present morass, such is the hold they have accumulated over us by the system they have succeeded in fastening upon us that their grip is to-day greater than ever. Our faith has been destroyed but we remain more securely than ever chained.

Twenty years ago I dared announce in a public address and undertook to prove by charts, statistics, and interlocking directorates and from admissions of these men under oath that we were dominated by a "Money Trust." That address was widely published and commented upon and led to an investigation by a subcommittee of the Banking and Currency Committee of the House of Representatives of which Congressman Pujo of Louisiana was the chairman, and for which I was counsel, which became known as the Pujo Committee. Many of the then leading financiers of the country, including J. P. Morgan, sr., were witnesses before that committee and were examined by me. The next greatest figure to Mr. Morgan in the world of finance was then George F. Baker, the president of the First National Bank, since dead, who was Mr. Morgan's most intimate friend and business associate. According to his lights and the peculiar financial ethics of his day Mr. Baker was one of the finest, most upright and public-spirited men the country has produced. He admitted under oath that the concentration of the control of money and credits in this country had reached the point of danger but insisted that because the control was in the hands of men like Mr. Morgan and his associates, of whom Mr. Baker was one, the peril was minimized.

Due to the vast accumulation of wealth and power and the great new aggregation of industries that were created under the control of the Morgans, many prior to but most of them following the war, and owing partly to the representation of that firm as financial agents of the Allies and to a variety of other reasons that enabled them to acquire the control of further vast financial and business institutions, with largely added facilities and widely scattered affiliations, their power is to-day tenfold what it was at the time of that investigation, notwithstanding the many widely flung ventures in the railroad and industrial world for which they are responsible that have proven inflated and unsound and have contributed to the depression for which they are so largely responsible.

I have long insisted that another Pujo investigation is even more urgently needed now than was that in 1912. I said that over a year ago, when the Senate began its pending investigation of the stock exchange, under a resolution that is all too narrow and inadequate. The pricking of the mere skin below the surface, within the last few days, of a few companies, confirms this. When my name was put forward for the post of counsel for that committee, at first without my knowledge or consent, there was an insistent gathering of the clans and a hurry call and descent on Congress in a unanimous assault by the lobby that would have defeated my appointment if I had been willing to serve. That was far from the purpose for which the committee was put into existence by Senators Watson and Walcott under the direction of President Hoover in a moment of pique when he mistakenly supposed that the then raging campaign of short selling was aimed at his administration.

It is unfortunate also that the most outstanding banking house in the world should have set the precedent of grossly inflated stock issues, with no value in assets or earnings behind them of which companies, such as General Motors, Steel, Radio Corporation, General Electric, are a few of many like instances. At the time, for instance, of the organization of the United States Steel the constituent corporate consolidations of which it was composed had been capitalized at for from ten to twenty times the value of their physical assets with no record of substantial profits to sustain them. When Mr. Morgan fixed the prices for the securities of these companies, payable in the securities of the United States Steel Co., and took them into the new company—in most cases at a premium over par of the inflated capital in stocks of the steel company at par, the latter assumed underlying bonds far exceeding at par the total physical values of all the assets acquired. All the share capital was pure water. Prior to the war

the steel common stock sold as low as \$8 per share, but, as the result of its subsequent abnormal earnings as the result of the war and of superb management and the virtual elimination or control of competition, the market price of that same stock in 1929 reached the price of over \$200 per share. Many stories of a like kind of other Morgan companies might be told if space permitted.

In some respects J. P. Morgan & Co. has been a valuable asset to the country, but in others it has proven a staggering liability. I have tried to visualize what financial and industrial America would be to-day without it or a like instrumentality. It is difficult; it would be minus most of its colossal water-logged ventures that have cost our investing public the loss of many billions of dollars and would probably also be minus the curse of our own tragic participation in the war and its tragic aftermath from which we are still suffering and will long continue to suffer. If there had been no J. P. Morgan & Co. the entire history of the world would be changed. It would be a different place in which to live—whether for better or for worse is another question; in a few respects worse but in most respects better.

It was not then and is not now claimed or suggested that there was or is any definite concrete agreement binding these powerful elements together in this Money Trust, but the community of interest and unity of action that were thus established is a far more potent and compelling driving force than would be any number of written agreements.

That control is to-day far more complete, far-reaching, and despotic than it then was, and it is still growing notwithstanding the depression and in some cases because of it.

No matter how essential or meritorious this movement for Government ownership may be, Congress will find itself (as Senator Norris said in the Senate on Thursday last) helpless to put into effect against the covert opposition of the Morgans. That they will oppose it with all their concentrated subterranean power and machinery is a foregone conclusion. Their interests, traditions, and doubtless their convictions are in that direction. Notwithstanding their demonstrated blindness, their faith in their own judgment remains unshaken.

The power of the combination has since been vastly augmented, cemented, and further knit together and the rulership of the Morgans extended since the investigation of 1912 as the result of their added prestige and wide-flung power in foreign countries since the war, until to-day it holds the undisputed sovereignty of the financial world. It is in many ways an amiable, well-intentioned despotism, except when its will is attempted to be crossed. Then it can strike swiftly, ruthlessly, and with fatal effect. Although, among other things, it is a money-making machine, that result is largely incidental. Mere money gain has never, however, been its chief aim.

If it had been, it could not have achieved the vast undisputed sway it has so long held and still holds in the face of adversity and of the exposure of its many errors of judgment that were inevitable in dealing with the problems that have confronted it. It has always sought, according to its own lights, to make the end justify the means. It is responsible for much of this country's legitimate and for still more of its ill-gotten wealth and for much of its enterprise and greatness and much of its misery. Whether it has on the whole been a benefit or a curse is a debatable question; I incline to the view that it has been a curse, although I do not question the integrity of its motives.

To the credit of Morgan, senior, it should be recalled that had they not—but not until 20 years after other countries had enforced by law the publication of their corporate affairs—voluntarily blazed the trail in this country in 1898 with the organization of the United States Steel Co., I doubt whether we should yet have had that meager measure of fair play and protection for corporate investors which they inaugurated in publishing full and frequent reports of its business affairs, for in spite of protestations to the contrary, without the leadership and cooperation of these interests, the public would never have succeeded in securing any measure of justice in that or in any other direction either from Congress or the corporate-controlled legislatures of the States.

It was also the wholesome precedent set by the steel company under the direction of Morgans that virtually forced the stock exchange to abolish the vicious swindling practice of listing so-called unlisted stocks with nothing more than an asterisk prefix to indicate that no statements of their accounts or affairs were made or required to be made by them and that they were permitted to be dealt in as blind pools. Amalgamated Copper, Metropolitan Street Railway, and American Sugar Refining Co. are a few such instances. They had been for years pawns in a gambling game more crooked than that of any criminal den with stacked cards, by which the public had been swindled to the extent of hundreds upon hundreds of millions of dollars. For that farsighted, though long-delayed action Morgans are entitled to unbounded praise. They alone could have accomplished it.

Some day, when there is a real investigation of the history of the stock exchange, we shall get a picture of the means by which billions of dollars have been literally filched from the public in the past through the then crooked machinery of that institution that—to our shame, be it said—is still permitted to remain beyond official Government regulation, supervision, and control and above and beyond the law.

I have often wondered whether the significance of recent exposures of the men in former exalted station at the top of big business and high finance and now wholly or partly dethroned is generally appreciated. If it were, the shreds of remaining confi-

dence in the judgment of our captains of industry should be badly shaken and we would not now be looking in that direction for guidance or advice. Our legislators would, on the contrary, be keeping as far away as possible from that unsafe source of inspiration. And yet, those that have thus far been exposed constitute but a small fraction of the casualties that have befallen us as compared with those that would be listed as wounded and missing if the facts were known, or who will be found so labeled when the facts become known.

The little we have learned thus far of the cases of the few unlucky men of wide influence has been tempered in the manner of its exposure by the tender protecting influence of a most elaborate country-wide network of propaganda of suppression and pussy-footing, quite as misleading as any propaganda of publicity and quite as effective. Much the worst of the facts has been entirely suppressed.

I do not suggest that these methods should be condemned in such crises as those through which we are passing. On the contrary, there are conditions, such as the present, when public confidence is shaken in which I regard it as excusable in self-defense, even if not quite justifiable. It is at least understandable that we should condone or minimize individual wrongdoing in high places, rather than destroy the remnants of confidence that are so necessary.

That probably is why we have looked with apparent composure upon such incidents as the lending by the Reconstruction Finance Corporation of \$90,000,000 to the Dawes Bank on the eve of his precipitate resignation from the head of the Reconstruction Finance Corporation; the transactions of Messrs. Young, Trolay, and others in the securities of the Insull companies; the decision by the Federal court denouncing the violation by Mr. Young and his company of the antitrust laws; the culpable gross neglect of duty of the former nationally respected and trusted and now completely discredited banking firm of Lee Higginson & Co., that is responsible for the loss of over \$250,000,000 of the small American investors who unfortunately trusted them to their undoing in that Kreuger and Toll house of cards, and a variety of other revelations of men in high places that would seem staggering in normal times, but are now so soft-pedaled and gingerly dealt with in the press that they cause barely a ripple on the surface of our tempestuous financial seas.

Although he and no other man of his or any other time in our history could possibly have visualized so far ahead the extent to which the country has become enslaved, the prophetic vision of our great martyred President was well expressed almost 70 years ago, immediately following the Civil War, in commenting on the peril to our liberties from the great corporations that were then already seeking to rule the Government, in a letter to a personal friend in the following dramatic word-picture:

"As a result of the war, corporations have been enthroned and an era of corruption in high places will follow and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is segregated in a few hands and the Republic is destroyed. I feel at the moment, more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless."

The events of the past few years have confirmed many of our thoughtful, conservative, and patriotic citizens in the conviction that the money power, the railroad power, the public-utility power and the other votaries of high finance, special privilege, and big business are now in control of the Government and that unless they can be not only checked but dislodged and their influence destroyed, our Republic will be destroyed.

We have seen from recent events that these forces are so impenetrably entrenched that not even exposure after exposure of fraud, corruption, selfishness, and incompetence can dislodge them or weaken their hold. Whilst confidence in them is utterly shattered they have so fastened their tentacles into the vitals of the body politic that there seems to be no way of shaking them off. If there were no other reason for availing ourselves of this opportunity of taking the railroads out of their grasp (and there are many other sound, conclusive, economic reasons, any one of which would be sufficient) this alone and of itself, would be more than adequate.

Upwards of 100 years ago, Thomas Jefferson, in a letter to George Logan, wrote:

"I hope we shall take warning from the example of England and crush in its birth the aristocracies of our moneyed corporations, which dare already to challenge our Government, and bid defiance to the laws of our country."

Throughout these past few years of agony and suspense Congress has done a few things intended to ward off further catastrophe, but nothing really constructive in a big way to mitigate our apparently helpless and hopeless predicament, unless we except (1) the amendments to the banking law that have recently passed the Senate and are now pending in the House and (2) the important bill amending the bankruptcy law that has passed the House within the last few weeks, now pending in the Senate, and (3) the provision through the Reconstruction Finance Corporation of something over \$2,000,000,000 toward propping our crumbling financial credit in the desperate hope of thereby saving us from a veritable debacle. Unfortunately, the omission to attach to those credits to the banks the obviously necessary condition that the money so advanced, that was not required to be held in hand by them to assure their solvency, should be reloaned, enabled those institutions to hoard in their vaults the funds that were intended for distribution and thus to largely destroy the purpose

of the law. The borrowers who are not using the money for the purpose for which it was loaned to them should be required to repay it.

Of the two important amendments to the banking law, I regard that permitting branch banking, even in its now less objectionable form, limiting it to States whose laws permit that type of banking, as vicious and as a long step backward except in the few spots in which local facilities are lacking.

The other amendment, prohibiting the continued ownership and operation by banks of so-called "affiliates" and requiring them to disband, but only after five years, is not only salutary but necessary, except that here again the cloven foot and malign influence of high finance over legislation is, as ever, in evidence. No such delay as five years should be permitted them in which to end their blighting and unlawful operations that have played so important a part in bringing about our misfortunes.

A glimpse, but only a faint passing glimpse, into their operations is afforded by the few revelations of the Senate committee of the past few days. It is as a single moonbeam compared to a flood of blazing sunshine. The National City Bank disclosures of facts that have to those familiar with financial affairs long been known are merely symptomatic of the situation in a number of other banks. In the interest of clean government and banking reform, at least, the most glaring and reckless of these cases should be exposed and the guilty officials driven from office. There should be as effective a cleanup of that situation as there was of the life-insurance companies in 1906.

It has long been urgent and essential, if we are to build a worthwhile, dependable banking system such as that for which Senator GLASS has laid the firm foundations by his admirable bill. I was relieved to find that he put aside the important Treasury portfolio for the far more important task in this direction that lies before him. If, as of course there will be, a reconstitution of the present investigating committee, he is the man who should guide its future activities, but with greatly enlarged powers.

An examination of the character of the speculative truck in which the big banks, through these affiliates, have buried and scattered billions of dollars among the millions of small banks and investors throughout the country will furnish one answer, and not an inconsiderable one, to our present condition and why we are sunk so deep in this depression. If Congress had heeded the solemn warnings and recommendations about the affiliates in the Pujo report in 1912 and passed the amendments to the banking bill for their suppression, submitted at page 170 of the report, or if our then President or his Attorney General had enforced the law against them as then personally urged by me in interviews with them, we would have a very different story to tell to-day. The same is true of my many public pleas to place the stock exchange under Federal regulation.

Congress and the country were officially warned against the peril and illegality of these "affiliates" and urged to exterminate them over 20 years ago in the Pujo committee report, heretofore referred to. At that time there were only two such "affiliates" (the City Co. and the First National Co.) in existence, but the overshadowing political influence of these financial institutions was too great to overcome and they were unfortunately permitted to continue their unlawful depredations. Now there are over 200 of them spread all over the country. They have absorbed and now hold in the form of "frozen" credits, billions of dollars of what were once liquid assets, belonging to the depositors of the great banks. They have sapped their very vitals. They were the medium through which the banks were able to indulge in wild gambling and to dissipate their depositors' money in ways forbidden by law, and lost it without ever having been called to account as they should have been.

The fate of the branch banking and the 5-year extension provisions of the "affiliates" that were demanded by the banks as conditions of the passage of the bill is still trembling in the balance in the House. Such is the power of the black-horse cavalry of high finance, even in its most discredited days.

It does not, however, follow, from the fact that Congress is taking so little aggressive, affirmative action for our protection in these dark hours that there is nothing it can do in that direction. Here we are lying prostrate and unprotected, with the solvency of our banks, insurance companies, and railroads being maintained by brute force of unprecedented Government aid; our mills and factories closed, our workmen unemployed and in want, whilst the countries of Europe, Asia, and the Far East continue flooding our markets, to the exclusion of our own merchandise, with the products of their pauper labor, paid for in their depreciated currencies. The remedy is simple and obvious and yet our legislators continue haggling over it and are likely to end, as usual, by doing nothing. The overshadowing influence of the lobby of special privilege hangs like a pall over all legislation in which it is concerned of which it does not approve.

For three years it has been as plain as the light of day and has been continuously pointed out, that in order to assist in giving our people employment and assuring to them the scale of living to which they are entitled, we should build a Chinese wall around our country so high that nothing short of reciprocal trade concessions could surmount it.

Let us to the extent necessary to protect our home markets, at least for the time being and until we have rescued our lost trade, confine ourselves to free trade with our 48 sovereign sister States and our colonies. It is high time that our shores cease to be the dumping ground for the surplus products of a pauper, starving, and distracted world, with whose pitifully low standards of living we can not compete.

The first step toward our rehabilitation before we apply ourselves to the solution of the railroad or any other problem must, however, be to apply ourselves to the humanitarian task of bringing about a changed social order, in which we must recognize that the primary charge upon the resources of the Nation is the care and support of the old, the sick, and the unemployed, and their helpless dependents, no matter how heavy the burden upon the rest of us—not as charity, not at all—but as our most urgent duty; as part of the legitimate cost of government and on the principle that every person born into the world is entitled to the opportunity to earn a living at an honest occupation, measured by his capacity. If our system has been so woefully maladjusted that in this land of plenty that produces vastly more than is sufficient for the needs of all our people and where there should be employment for all, there is a plethora of food, clothing, and shelter for the few and not sufficient for the many, something is radically, fundamentally wrong with our entire system and we must care for those others out of our overabundance until the genius of our men of brains has evolved, as they can and must, a just, peaceful, and orderly readjustment and redistribution of our combined resources.

We, who brag of being the most enlightened country on earth, are, to our shame be it said, at least a quarter of a century behind European nations in making these provisions. Such has been and continues to be the "strangle hold" of capital over legislation that some of these measures of relief, such as insurance against old age and unemployment, although agitated for a quarter of a century, have not yet been provided. They must be made readily available and must be administered without tying too much red tape around the machinery of distribution. If we had had them when we should, the vast reserve funds thus created would at least have spared our masses the want and suffering from unemployment.

In that connection I have from the beginning of the depression urged by way of temporary relief and until these provisions are made the wise and far-seeing proposal of Mr. Hearst that Congress make available the sum of \$5,000,000,000 to be employed partly for the construction of public works and partly for relief distribution for unemployment through the States and by them through the local communities.

A nation that could have permitted itself to be blindly propagandized by foreign countries through the agency and instrumentality of our bankers in the selfish protection of the debts owing them by the Allies into the most disastrous war in history, and one with which it had no concern; which could have been cajoled into squandering in one way or another over \$40,000,000,000 on its own account and in loans to its allies to rescue them and win their cause for them, upon the sacred promises of repayment which were never intended to be kept; a country that could have literally thrown another ten billions or more into the maelstrom under the guidance, advice, and influence and to the profit of these same bankers in the purchase of worthless obligations of other countries; surely such a country can afford and will be well advised in the interest of domestic peace if for no more just reason to furnish at least this measure of relief to its own suffering citizens. Why are these cries of distress from our suffering masses unheard? Is it that the voice of the people is too weak to reach the Halls of Congress, that are at all times accessible to these same bankers?

To our shame should it ever be remembered that barely was the ink dry upon our President's signature to the unfortunate declaration of war into which we were cajoled by the lying propaganda engineered by these same international bankers of ours, who had been financing the war for Great Britain and France until, and continued to do so after, we were jockeyed into it, when the first of the money raised by us from our people by popular subscription, amounting to \$400,000,000, was promptly used to repay J. P. Morgan & Co. out of the proceeds of our first Liberty loan, that being the amount the latter had loaned Great Britain, and which was represented by an overdraft advanced by Morgans that might never otherwise have been repaid.

Our ambassador to London, Mr. Walter Hines Page, is authority for the statement, in substance, that it was only by inducing the United States to declare war against Germany that this money could have been saved or the Allies rescued from defeat.

In order that there may be no mistake, I quote as follows on this subject from pages 270-273 of the "Life and Letters of Walter H. Page."

In a cable dated March 5, 1917, to the President signed by the ambassador, occur the following statements:

"If the United States declares war against Germany, the greatest help we could give Great Britain and its allies would be such a credit. If we should adopt this policy, an excellent plan would be for our Government to make a large investment in a Franco-British loan. Another plan would be to guarantee such a loan."

(This, mind you, was the brand of our neutrality one month before the severance of diplomatic relations with Germany.)

"But is there no way in which our Government might immediately and indirectly help the establishment in the United States of a large Franco-British credit without violating our neutrality? * * * The pressure of this approaching crisis I am certain has gone beyond the ability of the Morgan financial agency for the British and French Governments. The financial necessities of the Allies are too great and urgent for any private agency to handle. * * * It is not improbable that the only way of maintaining our present preeminent trade position and averting a panic is by declaring war on Germany. The submarine has added the last item to the danger of a financial world crash."

There is now an uncertainty about our being drawn into the war; no more considerable credits can be privately placed in the United States."

Then follows this from the Memoirs on page 273:

"Urgent as this message was, it really understated the desperate condition of British and allied finances; that the warring powers were extremely pressed for money had long been known; but Page's papers reveal for the first time the fact that they were facing the prospect of bankruptcy itself. The whole allied combination on this side the ocean are very much nearer the end of their financial resources," he wrote in July, "than anybody has guessed or imagined. We only can save them. . . . the submarines are steadily winning the war. Pershing and his army have bucked up the French for the moment . . ."

The Memoirs continue:

"Thus by April 6, 1917 (the date of declaration of war) Great Britain had overdrawn her account with J. P. Morgan & Co. to the extent of \$400,000,000 and had no cash available with which to meet this overdraft. . . . The money was now coming due; if the obligations were not met, the credit of Great Britain in this country would reach the vanishing point."

"Though at first there was a slight misunderstanding about the matter."

(and well there might be) continues the Memoirs:

"The American Government finally paid this overdraft out of the proceeds of the first Liberty loan. This act saved the credit of the allied countries. . . . The first danger that threatened the isolation and starvation of Great Britain was therefore overcome. It was the joint product of Page's work in London and that of the Balfour commission in the United States."

Truly a fine brand of neutrality. No wonder we were in the war.

These important incidents in our history, showing how we were propagandized into the war at a propaganda cost to Great Britain that has been said to be many millions of dollars, expended by Great Britain in this country with American-loaned money and paid for spies, secret-service men, publicity, and in other secret ways, shed a flood of light upon the unknown perils the country confronts when its interests come in conflict with the plans and interests of the international bankers. That is somewhat akin to the situation that now confronts us.

Of all the business and financial questions just now facing the Nation, that of the railroads is the most desperate and confusing. Opposed to us, representing and virtually dominating the private interests in these roads, is the Money Trust, headed and commanded by the Morgan firm. Government ownership or the hopeless general bankruptcy of the railroads are apparently the only alternatives unless Congress can be persuaded by these financial agents of the railroads, banks, and insurance companies to continue pouring untold hundreds of millions into a bottomless pit, as it is now doing under the influence of these same interests.

I regret to have to say that the program recently presented by the Coolidge commission in this connection, of which much was expected, is a great disappointment. It does not meet the situation. It turns out to be a mere makeshift. It does not even adequately consider or discuss the possibility of Government ownership as an alternative. It proposes, in effect, a mere continuance in a somewhat modified form of what the Interstate Commerce Commission has been ineffectually trying to do for the past 12 years in the way of regional consolidations under the transportation act of 1920.

The Coolidge commission having been selected by the banks and insurance companies, I suppose that result should have been expected, although the eminence of some of its membership led us to anticipate at least a frank discussion of every aspect of the problem. I fear that the report almost invites bankruptcy by virtually closing the door to Government ownership.

And yet bankruptcy would bring such widespread disaster in its wake that it can not be contemplated without appalling dread of the many collateral evils that would be unleashed upon the masses of our people. It might well tear down the life, fire, accident, and casualty insurance companies and many of the banks; it would directly and disastrously affect the fortunes of well over one-half of our population, which is the proportion who are policyholders in the life-insurance companies that hold a large part of the securities of the railroads and it would destroy confidence and generally disrupt values as none of the many calamities that have befallen us has done.

Notwithstanding the optimistic prophecies of the majority of the surviving distinguished members of the Coolidge commission, and greatly as I regret to say so, candor at this critical time, requires me to insist that there is no such prospect as the report seems to hold out of the railroads ever reverting to anything like their past normal years of prosperity, when their revenues enabled them to meet their fixed charges, to pay dividends, and to maintain their roadbeds and equipment.

Competitive conditions are growing steadily more severe and are bound to continue in that direction. The inroads and extensions of motor, water, pipe line, and air transportation, whose competition is steadily on the increase and are annihilating the revenues of the railroads, render competition impossible on the basis of substantial returns on present railroad investment at prevailing interest rates. The relative costs of construction and operation of competitive forms of transportation can not be overcome.

In the past many of our problems for the solution of which we have foolishly taken credit solved themselves by our steadily increasing wealth and population. That will not apply to the

future. We have little remaining unsettled territory and an almost stationary population. We have too much in the way of transportation facilities of all kinds and it is far too expensively constructed for our needs.

One of our economists has recently called attention to the fact that coal, which constitutes more than one-third of the tonnage of the railroads, is less used and is being more and more converted into power at the mouth of the mine, and thus carried by wire, and will furnish less and less traffic for the railroads. Oil, too, now goes by pipe line, as does natural gas, and now the railroads are confronted with the serious competition of trucks and busses and water transportation. The roads have about 2,500,000 freight cars, and there are now some 3,500,000 trucks in service on the highways, which can transport merchandise more cheaply, and will continue to be able to do so, no matter how heavily they are loaded with road, franchise, and other taxes. It is said also that the railroads have since 1920 lost over 40 per cent of their passenger traffic.

When we reflect upon the unbelievable stupidity of our railroad executives and their financial advisers in sitting idly and blindly by all these years whilst this competition was taking their business from them, when they should have anticipated the situation and could readily have supplemented their own service, one marvels at their assurance in criticizing Government operation or any other form of operation. The railroads had their opportunity to anticipate and corral the motor competition. With a fatuous short-sightedness that is well-nigh incredible they threw it away. And yet you will hear them prate against the perils of public management.

Their demand for an increase in rates to supplement their vanishing earnings was another of their like "strokes of genius." It was the last thing they should have permitted. The traffic can not bear an increase in rates. They are already 50 per cent higher than in 1916. The motor trucks would simply take from the rail lines a still larger part of the business. The mere scaling down of those rates, if it were possible, and the elimination of the existing wasteful duplication of facilities might at one time have been but will not now be sufficient to stem the tide.

The Interstate Commerce Commission reported in March, 1932, that the total value of freight transported in 1930 was \$62,090,176,000, of which about forty-five and one-half billion dollars was for manufactured and miscellaneous goods, leaving about sixteen billions for the products of agriculture, mines, and forests. The revenue derived from the forty-five and one-half billion dollars was only one and eighty-five hundredths billions, while that from the agricultural products and coal was two and thirty-six hundredths billions. If we adjust these percentages to the present commodity prices, the tax in the form of freight would be greatly increased, as prices have dropped and railroad rates are higher. The grains, then paying about 15 per cent of their destination price, are said to be now paying about 25 per cent. It was absurd of the railway managers in the early period of depression to ask for an increase of 15 per cent.

Revenues will doubtless in time improve somewhat over the present prostrate conditions but not permanently in the railroad world nor sufficiently to carry anything like the existing load. The ultimate trend will inevitably be downward. Meantime the railroads can not go on indefinitely borrowing from Peter (the Reconstruction Finance Corporation) to pay Paul (its creditors), to meet their interest and sinking fund charges and to refund their maturing obligations. Their collateral (much of it questionable in these times) will soon be exhausted. And then what will happen?

It is economically unsound and reckless to encourage them or to permit the Government to go further in that direction, whatever may be the differences in our views of the justification for the loans of about \$400,000,000 already made to them and of those to which the Reconstruction Finance Corporation is now committed. To my mind it means simply postponing, not avoiding, the evil day. Whilst these unearned interest payments so borrowed may serve a useful purpose in this crisis in postponing the day of ultimate reckoning for them and for the public corporations that hold billions of their securities and to enable those corporations to hold out to their policyholders and creditors for whom their bonds are held the appearance of prosperity, as reflected in the misleading character of the returns that those companies are permitted from the proceeds of these Reconstruction Finance Corporation loans to make to the public authorities, such fictitious valuations deceive no one, as is evident from the prices at which these bonds are being sold—in many cases little more than the annual borrowed interest the companies are promising to pay.

I am not criticizing these desperate makeshifts. It is a case of Hobson's choice. But how long can it last? And what next? Inevitable bankruptcy and under the most crude, stupid, and barbarous laws on earth, laws that are a disgrace to a civilized country; bankruptcy of which the lawyers and bankers are the chief beneficiaries.

I agree with a recent magazine writer that there are no governmental bureaucracies that can compare in waste, inefficiency, and incompetency and none in corruption with the managements of many of our leading corporations. This applies especially to the past managements in the railroad world. There are no Government administrations that begin to be so honeycombed with fraud as have been many of our private corporations, especially railroad corporations, in the past, though the latter were more successful in concealing both their frauds and their inefficiency than our Government institutions.

It was the danger that Ambassador Bryce foresaw from private monopolies controlled by bankers that led him to say in his American Commonwealth:

"In England we have a form of monarchy with the spirit of democracy, while in America there exists a form of democracy with the spirit and essence of monarchy."

In England and other countries of Europe public utilities are largely owned and operated by the people as a logical attribute of government. In 16 countries the government owns and operates telephone and telegraph systems as part of the postal service; 10 of them own and operate their entire railway systems; 4 of them own them in part; while in 2 of them, England and Scotland, they were operated in private ownership until the outbreak of the war, when those two countries also took over the ownership of their railroads.

The United States is the only nation in the world that does not publicly own and operate its telephone and telegraph systems as governmental functions. Under municipal ownership in England the best quality of coal gas is supplied at rates as low as 25 cents per 1,000 cubic feet and shows a profit at that price. Electricity is everywhere supplied at rates far lower than by private corporations in our country, notwithstanding the fact that in most of these countries there is little water power available. Local telephone calls were 2 cents.

The history of Switzerland offers a fair comparison between private and governmental construction and operation. Due to the unique difficulties of construction in the mountains of the Alps, the cost of their railways must be at least five times that of ours, notwithstanding the far lower price of labor. Some of the earliest great engineering tunneling projects in the world were accomplished in the building of those roads. There are over 1,000 tunnels in the Swiss federal system in that little country, yet their fares are less than ours, while their season tickets are only a fraction of the charges made in this country.

When that Government took over its roads, amounting to about 1,700 miles, it paid for them \$199,000,000, or an average of \$117,000 a mile, which included a large mileage of tunnels and bridges, averaging a cost of \$1,000,000 a mile.

Nobody knows how many hundreds of millions of graft, thievery, and corruption are included in the present capital structures of the railroads, but we do know that the late Edward H. Harriman, who was a stock broker, speculator, and operator of railroads, and never built a mile of road, is reputed to have died worth about \$250,000,000, accumulated in and appurtenant to the railroad business.

There is not time or space here to traverse the unsavory history of the American railroads, but I would like to refer to just a few cases to put an end to this false hue and cry about the perils of corruption under public ownership as contrasted with the ill-white purity of private operation. It is a gross calumny and impertinence and opens up one of the most gruesome, shameful chapters in our history.

It is not a pleasant task to rehearse the criminal and crooked method by which Government, press, and politics have been corrupted and the rights of its citizens destroyed by the acts and ambitions of our former railroad rulers. But such reminders can not be avoided at this time as our country now faces the problem of who should hereafter be intrusted with the ownership and operation of the roads. The character and quality of contemporaneous management will and should play a part in determining that question, but it is also instructive to briefly rehearse a few of the many instances showing the foundations on which railroad financing has been built.

Here are a few of the many illuminating illustrations gathered at random:

1. About 1850 the Government began surveys for a vast railway system on the Pacific coast. After these surveys had been made, at the expense of the Nation, a private corporation known as Credit Mobilier was formed to control this system, thus planned by the Government. The award of these rights to that corporation signals the first widely known chapter in the dark history of American promotion and financing of railways. This event is recorded in two congressional reports covering over 1,300 pages, the first known as the Poland report and the other as the Wilson report, both by committee appointed by the House of Representatives to investigate the affairs of the Union Pacific Railroad Co. and the Credit Mobilier of America.

These reports dramatically detail the brazen and reckless manner in which Members of Congress were bribed or influenced to turn over the building and ownership of these lines to a private corporation. They show, among other things, how one prominent Congressman, who afterwards became President of the United States, and two others, who were nominated for the Vice Presidency, and others were implicated in the transactions.

I quote from the Poland report:

"But such is the tendency of the times and the belief is far too general that all men can be ruled by money and that the use of such means to carry public measures is legitimate and proper."

2. Another interesting chapter in our railway history was disclosed in the investigation of the records of the Louisville & Nashville Railroad Co., in certain letters that passed between Milton H. Smith, president of that road, and Samuel Spencer, president of the Southern Railway, in which they, in confidence, gave vent to their fullness of joy in having, as they supposed, "obtained control of America as had Cortez and Pizarro four centuries before."

3. During the years from 1912 to 1915, many complaints were made by shippers and the public to Congress and the Interstate Commerce Commission of illegal practices of five important sys-

tems of railways and their resulting inefficiency of service and unjust rates. The commission accordingly made extended investigations and issued official reports of findings between the years 1913 and 1917 respecting these practices and the financial transactions of these five systems, embracing approximately one-third of the country's entire mileage. The systems so investigated were the New Haven; Louisville & Nashville; Chicago, Rock Island & Pacific; St. Louis & San Francisco; and the Cincinnati, Hamilton & Dayton and Pere Marquette.

The evidence and findings of the commission are published in their official reports and disclose, among others, the following facts:

(1) That each railroad company investigated knowingly falsified its accounts, partly to hide expenditures of large sums for the control of politics and elections and to influence legislation and the administration of laws.

(2) Falsified its accounts respecting capital, expenses, and profits so that the commission was unable to ascertain for what purpose vast sums had been expended.

(3) In many cases the books and accounts were burned by the directors in order to hide various illegal transactions. Many of these acts were done by directors who were well known as among the world's most powerful financiers. Even though many records were willfully destroyed, the commission was able to secure sufficient evidence to disclose the names, dates, and facts.

The commission's report, in order to bring these various illegal practices in systematic order before Congress and the people, was classified as follows:

(a) Extravagant speculations and purchases of worthless securities in the interests of the directors; speculations from the stockholders, many by illegal devices accompanied by the falsification of books and accounts and their later burning by the directors.

(b) Illegally spending the stockholders' money and property to corruptly influence politics, the press, and public opinion and to secure secrecy respecting their accounts.

(c) Acts to secure a monopoly against the public interest by the violation of the laws of many States as well as of the Nation.

(d) The organization by the railway directors of "fake" corporations and "dummy" officers to hide the identity of real promoters and shield them from prosecution.

(e) The voting to themselves by directors of extravagant salaries, in addition to which large sums were taken by some of these officials without warrant of law.

4. As these corrupt practices, including falsifying of records, etc., are common to all the railroads investigated, a résumé of the New Haven system investigation will suffice for all.

All the extracts from the commission's reports are taken verbatim from the records. They are startling, as you will hear from the copious extracts I shall read to you from the report when my broadcasting time has expired.

Quotations from the report of the commission to the Senate of the United States:

"In the search for truth the commission had to overcome many obstacles, such as the burning of books, letters, and documents, and the obstinacy of witnesses who declined to testify until criminal proceedings were begun for their refusal to answer questions.

"The New Haven system has more than 300 subsidiary corporations in a web of entangling alliances with each other, many of which are seemingly planned, created, and manipulated by lawyers expressly retained for the purpose of concealment or deception.

"The result of our research into the financial workings of the former management of the New Haven system has been to disclose one of the most glaring instances of maladministration revealed in all the history of American railroading. . . . The difficulties under which this railroad system has labored in the past are internal and wholly due to its own mismanagement. Its greatest losses and most costly blunders were made in attempting to circumvent governmental regulation and to extend its domination beyond the limits fixed by law.

"The subject matter of this inquiry relates to the financial operation of a railroad system which on June 30, 1903, had a total capitalization of approximately \$93,000,000, of which \$79,000,000 was stock and \$14,000,000 bonds. In the next 10 years this capitalization was increased from \$93,000,000 to \$417,000,000. Of this increase approximately \$120,000,000 was devoted to its railroad property. This leaves the sum of \$297,000,000 expended for operations outside its railroad sphere. Through the expenditure of this sum the railroad system has practically monopolized the freight and passenger business in five of the States of the Union. It has acquired a monopoly of competing steamship lines and trolley systems in the section which it serves. The financial operations necessary for these acquisitions and the losses which they entailed have been skillfully concealed by the juggling of money and securities from one subsidiary corporation to another.

"Marked features and significant incidents in the loose, extravagant, and improvident administration of the finances of the New Haven, as shown in this investigation, are the Boston & Maine despoliment; the iniquity of the Westchester acquisition; the double price paid for the Rhode Island trolleys; the recklessness in the purchase of Connecticut & Massachusetts at prices exorbitantly in excess of their market value; the unwarranted expenditure of large amounts in 'educating public opinion'; the disposition, without the knowledge of the directors, of hundreds of thousands of dollars for influencing public sentiment; fictitious sales of New Haven stock to friendly parties with a design of boosting the stock and unloading it on the public at the higher market price; the unlawful diversion of corporate

funds to political organizations; the scattering of retainers to attorneys in five States who rendered no itemized bill for services and who conducted no litigation to which the railroad was a party; extensive use of a paid lobby in matters as to which the directors claimed to have no information; the attempt to conceal utterances of the press by subsidizing reporters; the investment of \$400,000 in securities of New England newspapers; the regular employment of political bosses in Rhode Island and other States, not for the purpose of having them perform any service but to prevent them, as Mr. Mellen (the president of the New Haven Railroad) expressed it, 'from becoming active on the other side'; the retention of one John L. Billard of more than \$2,700,000 in a transaction in which he represented the New Haven and into which he invested not a dollar; the inability of Oakleigh Thorne to account for \$1,032,000 of the funds of the New Haven intrusted to him in carrying out the Westchester proposition; the story of Mr. Mellen as to the distribution of \$1,200,000 for the corrupt purposes in bringing about amendments of the Westchester and Port Chester franchises; the domination of all the affairs of this railroad by Mr. Morgan (referring to the late J. P. Morgan) and Mr. Mellen and the absolute subordination of the other members of the board of directors to the will of these two men; the indefensible standard of public ethics and the absence of financial acumen displayed by eminent financiers in directing the destinies of this railroad in its attempt to establish a monopoly of the transportation in New England; a combination of all these has resulted in the present deplorable situation in which the affairs of this railway are involved."

Pages 35 to 41 of the report give a history of the celebrated transaction in which 18 miles of railroad in which Directors J. P. Morgan, sr., William Rockefeller, and some promoters who were their friends were interested was unloaded by them on the railroad company at a meeting kept secret from the rest of the board of directors, at which President Mellen presided. This property proved to be more than worthless to the stockholders, having been operated at an annual loss of over \$1,000,000 and for which their directors forced them to pay the vast sum of \$36,434,173.25.

The principal accounts respecting this transaction were kept in the office of J. P. Morgan & Co. in such a manner as to hide the purposes for which moneys were received or expended, under the title of "Special Account No. 2."

Part of the accounts were kept by another banker interested in the transaction named Oakleigh Thorne, respecting whom the commission's report says:

"It appeared during the progress of this investigation that the personal records of Thorne which might have shown all the details of these disbursements had been burned by him in January, 1912."

This transaction is all the more sensational since Mr. Mellen, president of the road, was not permitted by the directors who robbed it to the extent of millions of dollars to know who got the money, or as he personally wrote in the records when smarting from the rebuffs of Mr. Morgan:

"It seems that as president of the road, I should be entitled to know who got the money for the truck turned over. C. S. M."

The following is also from the report:

"The enormous sum of \$36,434,173.25 was expended for a road only 18.03 miles in extent which is being operated at an annual loss of approximately \$1,250,000 and which will have to increase its earnings four and one-half fold before it can pay its operating expenses and fixed charges. * * * The Westchester acquisition was planned and executed by a special committee of the board consisting of Directors Morgan, Rockefeller, and Miller, with President Mellen as chairman. The vote appointing this committee 'on proposed competition between the Connecticut State line and Harlem River, with power' does not disclose an intention to authorize the buying of charters and promotion securities and the building of a new railroad, much less one at a cost of \$36,000,000. It is ambiguous and was evidently intended to conceal a secret purpose. The full board was not taken into the confidence of those directors who wanted these securities purchased and no report was ever made by this committee, placing the situation as they found it before the board."

The following is from pages 45, 60, and 61 of the report of the commission:

"The frequency with which dummy corporations and dummy directors appear in this record leads to the conclusion that some one high in the councils of the New Haven had an obsession upon the subject of the utility of such sham methods. The directors of the Billard Co. confessed that they were dummies and knew nothing of its operations. Why men of responsibility and standing as these appear to be should lend their names as dummies passes comprehension."

"In the organization of one of the steamship companies, the young lady stenographer was made president and a youth of 21 years of age, by the name of Grover Cleveland Richards, was selected as treasurer of another company. Clerks and irresponsible persons were drawn upon to supply the demand for 'dummies' in the financial joy rides by the management of the New Haven. Thus throughout the entire story of deception the New Haven management vainly endeavored to hide the true facts behind dummy individuals and dummy corporations."

"As a matter of law such devices are feeble and puerile, but if the master financiers behind these New Haven transactions could use these sham methods and thus give their indorsement to the availability of such crooked schemes to cover the true substance and fact of financial transactions, it indicates a low standard of financial morality. No condemnation can be too severe to apply to the fraudulent use of these companies by the New Haven."

"This investigation has demonstrated that the monopoly theory of those controlling the New Haven was unsound and mischievous in its effects. To achieve such a monopoly meant the reckless and scandalous expenditure of money; it meant the attempt to control public opinion; corruption of Government; the attempt to pervert the political and economical instincts of the public in insolent defiance of law. Through exposure of the methods of this monopoly the invisible government which has gone far in its effort to dominate New England has been visible. It has been clearly proven how public opinion was distorted; how officials who were needed and could be bought, were bought; how newspapers that could be subsidized, were subsidized; how a college professor and publicists secretly accepted money from the New Haven while masking as representatives of a great American university and as the guardians of the interests of the people; how agencies of information to the public were prostituted wherever they could be prostituted."

5. From the wealth of material at our disposal, in answer to the impudent comparisons between public and private ownership and operation of our utilities, I have only time to refer here to two more incidents of which there are many more of a like character.

Of two railroads entering New York, the Lackawanna and the Erie, the Lackawanna operates about 985 miles and the Erie 2,465 miles. The Erie has a capitalization of \$182,240 a mile, whilst that of the Lackawanna is about \$42,000 a mile.

How this came about is a long story nor is it necessary or useful now to recapitulate. All over this country such divergencies in the financial structures of the railroads exist. The construction costs of the two roads is about the same, but we are told that in 1916 there was an interest charge against the Erie of \$4,699.99 a mile, whilst the interest charge against the Lackawanna is only \$7 per mile. How can the Erie, with its interest charges nearly seven hundred times as great as the Lackawanna's, meet the competition of the better-financed road?

It was negligent of the Government to allow these things and to permit the railroads of the country to be made the plaything of the gamblers in Wall Street, but it has been done.

For over 30 years Congress has been pleaded with to give us a reconstruction act and an enlightened system for the reorganization of railroads modeled after the companies and reconstruction acts of Great Britain or Canada or South Africa or of any one of the many other civilized countries, but we continue to cling ignorantly and tenaciously to our clumsy antiquated system that makes of every reorganization a feast and refuge for the vultures of finance.

Neither could anything, I regret to have to confess, better characterize the want of vision, smug self-sufficiency, and absence of public spirit and professional resourcefulness of the men who have all these years specialized in this branch of overshadowing importance in our corporate law and are reputed to be leaders and experts in my profession.

Under an enlightened system the long delays and staggering fees of these lawyers and those of their banker clients, receivers, self-constituted committees, trust companies, and other barnacles many times greater than the fees and more cumbersome, complicated, unnecessary legal machinery are unknown. In Great Britain the time, expense, and delay would amount to less than 10 per cent of what they are with us.

Strange to say, I do not believe that greed accounts for our present archaic system, so far as concerns our bar. Nor is it ignorance. They are simply too inert, too rut-driven, and unresourceful to think or plan beyond the narrow limits of their particular job. "Tis not to ask the reason why, 'tis but to do or die."

Stirred by the impending avalanche of disastrous railroad and industrial reorganizations and receiverships and the manifest inefficiency and helplessness of existing law to deal adequately with the situation that confronts us, the time has come when Congress can no longer evade this issue. A belated effort is accordingly now, at the eleventh hour, as usual, on its way, after repeated warnings and a generation or more of unpardonable neglect, to modernize and simplify the procedure on reorganization and receiverships but only in certain of its minor phases.

To that end a law has within the past few weeks passed the House and is now in the Senate but will not be considered by the latter until the next session. There can be no question of its urgency, but in its present form it is at best a poor and defective substitute for the British law, which should be enacted in its entirety and especially those parts of it governing receiverships or rendering them in most cases, as in Great Britain, unnecessary.

Whilst in the early history of our railroad and industrial development we had pirates and buccaneers among our business leaders, who mercilessly exploited the people, there were men of great courage and vision among them. To-day we have no great business leaders. They are pigmies as contrasted with the leaders of former days. They have proven so shortsighted that they could not visualize the basic unsoundness and ultimate collapse of a policy that went on blindly increasing mass production on the great scale on which it had been pursued under the artificial, overstimulated conditions of the war and without any prospect of an increase in purchasing power as though those conditions were going to last forever.

Any man of common understanding could have seen if he had given any thought whatever to the subject that what we require is the wholesale junking of manufacturing plants. Our great problems are now those of distribution and deflation of production; there is already far too much production.

Insistent propaganda by the railroad interests and abuse of the champions of public operation has not succeeded in blinding the

well informed to the dismal lack of ability and progressiveness in our railroad administration. The callous and open contempt, criticism, and abuse by big business and high finance of Government and our public men is ludicrous and largely undeserved. It has not kept us from realizing that on the whole the larger proportion of them are abler, sounder, and at least as honest as their abusers.

But to revert to the main point of the discussion; paradoxical as the statement may seem at first blush from the point of view of the Government, as well as of the owners of the roads, a better time than the present for pressing Government ownership of the railroads and of thus averting wholesale receiverships and resulting further disaster could not well be conceived. The days of inflated prices and dividends are over. Railroad securities have lost their charm and sense of safety for all time. This is not a temporary condition due to the times. It is a permanent condition that is bound to grow worse from day to day. Purchase of the roads should now be possible by the Government on a 3 per cent basis, on something approaching present deflated values and revenues as contrasted with the inflated reproduction costs of the Interstate Commerce Commission on which rates have been fixed which the roads will be less and less able to exact. We are no longer living in the times in which the roads are monopolies, and never again will be.

When one considers the economies that will become possible by eliminating the senseless competition and duplications, by the more effective use of equipment, and by simplifying the management, the possibilities that spread out before us are almost without limit.

It should be possible to acquire the roads, at this time, well within ten billions, which is at least three billions above their value, based upon present market quotations. It is, I believe, above what the Interstate Commerce Commission would be likely to appraise their physical value based on the reduced valuation of the average of the past few years. If we double their present net revenue and add the taxes they are now paying but which would cease to be required from them under Government ownership, this price, payable in 3 per cent bonds, would leave an average of 3 per cent for the stock and a surplus to the Government at least sufficient to make good (1) the loss in taxes, (2) to pay the interest on the bonds, (3) furnish a sinking fund, (4) to gradually repay the outstanding Government loans, (5) provide for the cost of gradual readjustment in routing and construction necessary to eliminate the existing duplications due to present wasteful competition, and (6) cover the cost of rehabilitation of equipment and roadbed, which are greatly deteriorated, and will rapidly become increasingly so unless something is promptly done.

The brief experiences of the Government in railroad operation during the World War, experiences that were diligently propagandized, exaggerated, and misrepresented by the railway managements and banking interests so as to make the operations falsely appear unsuccessful and discreditable for their own selfish purposes, must not be allowed to mislead us into the loss of a great opportunity. The occupation of the private managements will be at an end if they are forced to relinquish their representation of the roads that have for generations meant so much profit and power to them. We must accordingly take what they may say with many grains of allowance.

Bear in mind what happened in the brief months of Government operation during the war. A vast complicated railway system built up on a competitive basis was disrupted and uprooted overnight to meet an unknown and unprecedented emergency, regardless of cost, waste, or consequences. There was no opportunity for the Government to set up an organization of its own. It had to utilize that which was at hand, which was that of the roads. If it was incompetent or defective, it was theirs. It was not in their interest to demonstrate the success of Government operation; very much the contrary. Our men and supplies and those for our allies had to be transported without interruption and with accelerated speed to and from all points of the country, reckless of consequences. Money could not be a factor. To that end, roads and great systems of roads were ruthlessly torn asunder; the known routes of travel were abandoned and others substituted; pandemonium was and had to be substituted for order.

Here we are, by way of contrast, considering a deliberately conceived plan, having in mind only the public comfort, convenience, and economy, managed by seasoned railroad men carefully selected from the best brains and experience in the land. The problems then and now are as wide as the poles.

In the face of the inspired propaganda from high financial sources against the accomplishments of the Government in that crucial time, and having in mind the novelty of the problems and the traffic pressure at the time of the war, I venture to insist that the way in which our public officials transformed and utilized our railroad systems for the purposes of the war was nothing short of miraculous. It was one of the most remarkable and creditable accomplishments of the war and one of which we may well be proud.

Not the least advantage of Government ownership will be the scrapping of the fallacy of applying the antitrust laws to a natural regulated monopoly, such as the railroads. It is as absurd as the economic waste involved in the application of those laws to our natural resources.

We should end the whole fiasco at the same time. It has proven a grave handicap to all business. It prohibits us from regulating and limiting prices and suspending and adjusting production to the requirements of consumption. Future generations are being

robbed by law and our natural resources, such as oil, copper, coal, and the like, are being exhausted, not only without profit to us but at a net loss, below actual cost of production, because Congress lacks the wisdom to permit our producers to protect themselves or of the consumers of the future when the most obvious remedies are at hand. Other countries find no such asinine policy necessary or advisable. All we need do to correct this situation is to add a few sections to the Sherman and Clayton Acts that will permit competitors to combine on prices and to limit production under the supervision of the Federal Trade Commission act.

In conclusion, permit me here to repeat the warning that in this titanic struggle we must reckon upon the bitter and unrelenting opposition of the Morgan banking group to the last ditch with all the unrivaled and illimitable resources at their command and all that this implies. That is quite understandable. All their traditions and beliefs are the other way; they doubtless believe that the public interest and their public duty also lie their way. It has been easy for them to convince themselves notwithstanding the slimy trail of corruption with which our railroad history is covered. They represent as bankers and are responsible to the investing public, directly and indirectly, for the greater part of that stupendous industry. Their influence was originally mainly built upon their financing and representing the railroads long before public industrial promotion began.

To dislodge them will involve by far the most desperate contest in history between the Government and the enthroned, concentrated forces of special privilege, regardless of the merits of the controversy. Let no one underrate the bitterness of that struggle. It will involve the supreme test of our form of government.

The righteousness of our cause will not be sufficient for success. Beneath the surface it will play a very insignificant rôle if in fact it is permitted to become known. It will be so misrepresented as to be unrecognizable and will be overwhelmed and submerged by the power of special privilege.

We must reckon upon the forces of publicity being almost solidly arrayed against us, if not by the combined batteries of outspoken hostility, ridicule, and denunciation, by the still more subtle, deadly, tacit conspiracy of silence. The people will be exceptionally favored if the present plea for fair play is even permitted to reach the public ear. The Morgans control and are the bankers for the Radio Corporation, which in turn owns the National Broadcasting Co. that is administered by high-class men whose disposition is to be fair, if let alone, but there are limits to their independence.

One thing only can save the people's campaign. That is that the extreme urgency of the situation may so awaken the lethargic public sense of self-preservation and so stir public sentiment as to force action upon Congress in the teeth of the fiercest fire of opposition from every citadel of entrenched power and special privilege ever concentrated upon any public question. Such is the form of Government under which we are living. God grant that I may be proved to be mistaken.

I except one great publisher from this general statement, for here again, Mr. William Randolph Hearst's newspapers are the only ones that have dared take their accustomed stand on the firing line and tell the truth. Within the past week and after this speech was written his Los Angeles Examiner and presumably his other papers had the following, among other pertinent things, to say of the railroad situation and the Reconstruction Finance Corporation aid that is being extended to the roads:

"The legacy of past evils, despite all reforms of practice, is still represented in distended capitalizations, towering overheads, postponed charge-offs, and physical obsolescence, which are fatal handicaps to service, efficiency, and the reasonable treatment of the public in the matter of charges.

"It is ridiculous to describe the process by which they are seeking further Government aid as 'borrowing.'

"Let the Government realize this.

"It is not lending the railroads. It is paying for the railroads—paying for them, but not getting them!

"How much better to spend the people's money acquiring the roads, reorganizing them, liquidating burdens which can no longer be carried—doing, in short, the things necessary to put the roads on a paying and serviceable basis.

"The railroads have no solution for their situation.

"If it must be solved by the public and by the use of the public's money, the money should be used in the service of the public interest exclusively."

In this connection I beg here to repeat what I have had frequent occasion to publicly observe, that I regard Mr. Hearst as by far America's outstanding patriot and statesman, with the courage of a martyr, as he was in opposing our participation in the war before we were juggled into entering it and as he has since proven himself to be and has been in all his social and economic utterances throughout the present crisis. He has throughout been right and farseeing.

Of course the Morgan group will be bitter and unrelenting and will give no quarter in their opposition. With them it means the beginning of the end of their reign and increasing control. Although the loss of the control of the railroads, if forced from them at this particular juncture, is for the salvation of their security holders, they realize that it would ultimately be followed by the nationalization of the telegraph and telephone companies and of the network of power, gas, electric lighting, and other public utilities covering the country for which these gentlemen speak with authority and most of which they represent as bankers,

not only nationally in many cases but internationally as through the International Telephone & Telegraph Co. and other similar agencies.

From this sketch of the picture, perhaps you can faintly see something of what the success of this momentous movement would mean to this imperial citadel of power and how essential to the people in this struggle, apart from the present exigency, that has alone made possible the release of the Nation from this thralldom.

In conclusion, let me say in just tribute to these modest gentlemen that, quite apart from my duty as a citizen to my country, I harbor only personal admiration and good will for them and their accomplishments; and that if we must be ruled by a super-government, I can conceive of no equally amiable or better-intentioned despotism in its place unless, unlike the present situation, it be one in which there would be no conflict between private interests and public duty.

My hope and prayer for my country is that the sufferings of this tragic depression have, however, brought with them the one great blessing of blazing for us the way of dethroning all super-government and regaining our lost freedom. If that shall come to pass, it will have been well worth the fearful cost.

MORRISTOWN NATIONAL HISTORICAL PARK, N. J.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 5469) to provide for the creation of the Morristown National Historical Park in the State of New Jersey, and for other purposes, which were, on page 3, lines 11 and 12, to strike out "vigilant interest, initiative, and protection saved to" and insert "active interest in conserving for," and on page 4, line 9, after "1-4)" to insert ": *Provided*, That no appropriation of Federal funds for administration, protection, and maintenance of said park in excess of \$7,500 annually shall be made for the fiscal years 1934, 1935, 1936."

Mr. BARBOUR. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

AMENDMENT OF THE RADIO ACT OF 1927

Mr. DILL submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7716) to amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 27 and 28.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 21, and 24, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: After the word "commission," in line 20, insert the following: "an application for a construction permit or license for a new station, a transfer of a license from one licensee to another, the revocation of a construction permit or license"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following substitute:

"Section 9 of the radio act of 1927, as amended by the act of March 28, 1928, Public Law No. 195, Seventieth Congress, is hereby amended by adding at the end of section 9 the following: '*Provided further*, That the commission may also grant applications for additional licenses for stations not exceeding 100 watts of power if the commission finds that such stations will serve the public convenience, interest, or necessity, and that their operation will not interfere with the fair and efficient radio service of stations licensed under the provisions of this section.'"

And the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered

17, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"Sec. 8. Section 12 of the radio act of 1927 (U. S. C., Supp. V, title 47, sec. 92) is amended by striking out the whole of said section and inserting in lieu thereof the following:

"The station license required hereby shall not be granted to or held by,

"(a) Any alien or the representative of any alien;

"(b) Any foreign government or the representative thereof;

"(c) Any company, corporation, or association organized under the laws of any foreign government;

"(d) Any controlling or holding company, corporation, or association, of which any officer or more than one-fifth of the directors are aliens, or of which more than one-fifth of the capital stock may be voted by aliens, their representatives, or by a foreign government or representative thereof, or by any company, corporation, or association organized under the laws of a foreign country;

"(e) Any corporation or association controlled by, or subsidiary to a corporation or association, of which any officer or more than one-fifth of the directors are aliens, or of which more than one-fifth of the capital stock may be voted by aliens, their representatives, or by a foreign government or representative thereof, or by any company, corporation, or association organized under the laws of a foreign country."

Provided, however, That nothing herein shall prevent the licensing of radio apparatus on board any vessel, aircraft, or other mobile station of the United States when the installation and use of such apparatus is required by act of Congress or any treaty to which the United States is a party.

"The station license required hereby, the frequencies or wave length or length authorized to be used by the licensee, and the rights therein granted shall not be transferred, assigned, or in any manner either voluntarily or involuntarily disposed of, or indirectly by transfer of control of any company, corporation, or association holding such license, to any person, firm, company, association, or corporation, unless the commission shall, after a hearing, decide that said transfer is in the public interest, and shall give its consent in writing."

And the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to same with an amendment as follows: After the word "commission," in line 7, insert the following: "for each and every day during which such offense occurs"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to same with an amendment as follows: After the word "revocation," in line 13, strike out "modification, or suspension" and insert in lieu thereof "or fine"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: After the word "revocation," in line 16, strike out the comma and "modification, or suspension" and insert after the word "issued" in line 17 "or a fine or fines imposed"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to same with an amendment as follows: In line 17, page 16, strike out "district court" and insert in lieu "circuit court of appeals."

In line 2, page 17, after the words "if supported by," insert "substantial."

In line 18, page 16, strike out "district" and insert in lieu "circuit."

In line 10, page 17, strike out "district" and insert "such." And the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In line 12 strike out "district courts" and insert in lieu "the circuit courts of appeals"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"SEC. 13. No person shall broadcast by means of any radio station for which a license is required by any law of the United States, and no person, firm, or corporation operating any such station shall knowingly permit the broadcasting of, any advertisement of or information concerning, any lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any list of the prizes drawn or awarded by means of any such lottery, gift enterprise, or scheme, whether said list contains any part or all of such prizes. Any person, firm, or corporation violating any provision of this section shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than one year, or both, for each and every day during which such offense occurs."

And the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lines 11 and 12, page 19, strike out "or by a governmental agency," and after the words "public questions," in line 17, page 19, insert a new sentence, as follows: "Furthermore, it shall be considered in the public interest for a licensee, so far as possible, to permit equal opportunity for the presentation of both sides of public questions"; and the Senate agree to the same.

Amendment numbered 29: Insert a new section, as follows:

"SEC. 15. All fines collected by the Federal Radio Commission under the provisions of the radio act of February 23, 1927, approved May 19, 1932, and amendments thereto, shall be covered into the Treasury of the United States the first of each month."

And the Senate and the House agree to the same.

JAMES COUZENS,
S. D. FESS,
OTIS F. GLENN,
E. D. SMITH,
C. C. DILL,

Managers on the part of the Senate.

EWING L. DAVIS,
S. O. BLAND,
F. R. LEHLBACH,

Managers on the part of the House.

Mr. DILL. Mr. President, there are not many points of serious controversy in this report and the conferees are unanimous in their action. The most important points in which the conferees made changes were, first, the provision that examiners should be limited in the hearings they might hold. The House conferees insisted that the limitation should include certain additional kinds of hearings that the examiners should not hold.

The amendment providing for stations of 250 watts or more in cases of the regular allocations under the Davis amendment was agreed to by the House with an amendment to reduce the power to 100 watts. That was the amendment of the Senator from South Dakota [Mr. NORBECK]. Under the provision as agreed to by the conferees, small local stations may be established without regard to the limitations of the Davis amendment when they will not interfere with the existing radio service. I think that will meet the demand that is so insistent in the western section of the country, where long distances make it impossible for communities to get radio service at the present time. While it does not go

so far as the amendment of the Senator from South Dakota, it does provide for local stations, and the conferees on the part of the House took the position that stations of 250 watts were more than merely local stations and that we ought not to interfere with the equality provision of the Davis amendment for anything beyond small local stations having power not in excess of 100 watts.

Mr. NORBECK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from South Dakota?

Mr. DILL. I yield.

Mr. NORBECK. What changes were made?

Mr. DILL. I have stated the changes made in the amendment of the Senator from South Dakota.

Mr. NORBECK. I did not hear the first part of the Senator's statement.

Mr. DILL. The provision as agreed upon in conference reduces from 250 watts of power to 100 watts of power, so that only stations not in excess of 100 watts of power may be established in disregard of the equality provisions of the Davis amendment.

Mr. NORBECK. I appreciate that even some consideration has been given to the small stations, although I look upon the Davis amendment as a most impossible provision. It bases distribution of radiopower on a population basis, with the result that the prairie sections which are sparsely settled get very little. Chicago will get many more stations than there is apparently any need for. New York City, on the shores of the Atlantic Ocean, will have many high-powered stations and more service than the great prairies out in the interior. As I have said, I do appreciate, however, that even the meager provision for small stations will help, and that is all we can do at this time.

Mr. DILL. Then the section referring to foreign ownership, which caused considerable discussion on the floor of the Senate, was finally modified to provide that not more than one-fifth of the directors of any holding company of a corporation granted a license might be foreigners, and for that reason that paragraph was rewritten.

The lottery section, which was amended by the Senate, was accepted by the House with a modification to the effect that both information and advertising would be forbidden under this provision. The House section prohibited information about lotteries being broadcast and the Senate section prohibited advertising about lotteries being broadcast. The new section written by the conferees prohibits either information or advertising being broadcast so far as they affect lotteries.

The section referring to the equality provision of the use of the radio stations for political purposes and the discussion of public questions was modified by striking out the provision that permitted it to apply to questions to be voted upon by a governmental agency because the conferees thought it was too broad, but they did put in a paragraph to the effect that it would be considered in the public interest for a radio station to permit equality of discussion on public questions.

I think this statement covers the principal points that were agreed upon by the conferees.

Mr. VANDENBERG. Mr. President—

Mr. DILL. Does the Senator from Michigan desire to ask a question?

Mr. VANDENBERG. I should like to make an inquiry of the Senator.

Mr. DILL. I yield.

Mr. VANDENBERG. Will the Senator indicate what happened to my amendment respecting international relationships with respect to broadcasting and advertising?

Mr. DILL. The House conferees took the position, since the North American conference on radio will probably be called in the next two or three months, that that was a matter that really should be settled at that conference, rather than to attempt to handle it by means of a statute. That seemed to be especially proper in light of the fact that there was considerable insistence on the part of some broad-

casters that it would be difficult to apply the section, and, in light of the fact that the North American conference is to be held, the Senate conferees felt that no great harm would result in the next two or three months, between now and the international conference; and certainly it is more properly a matter for international agreement than for a law such as we were trying to write.

Mr. VANDENBERG. The Senator contemplates that the subject matter embraced within the purview of my amendment will in all probability be surveyed by the approaching conference?

Mr. DILL. It will necessarily be discussed and surveyed and acted upon, because the reason why the troubles which the Senator was trying to remedy have developed is that there is no agreement now controlling that situation, and it will necessarily come up and the agreement will necessarily cover it, I think.

Mr. VANDENBERG. I am content to have the Senator's judgment on it, in view of the fact that he is an eminent authority on the subject. I should like to ask him simply, in conclusion, if he agrees that there is a problem embraced within this rejected amendment which ought to have some sort of attention?

Mr. DILL. I may say to the Senator that I have been extremely insistent for the past year and a half or two years that we must do something about it, because unless we do have some international agreement or some legislation such as the Senator proposed in the form of an amendment, the broadcasting facilities of our own stations are likely to be seriously interfered with, if not ruined, by the interference of stations that are set up without regard to our broadcasting plans.

Now, Mr. President, I move that the Senate agree to the conference report.

Mr. WHITE. Mr. President, I am reluctant to take the time of the Senate at the expense of the morning hour, but my interest in this legislation is great. It springs from such part as I took in the framing of the original 1927 radio act, and from the fact that the pending bill, H. R. 7716, was patterned closely after a bill which I had previously in the present Congress introduced in the Senate. I felt that in that legislation, both in the original Senate bill and in the House bill, there were matters which were desirable for the Congress to consider, but I did not think that there was anything in either bill of outstanding importance. I regret to say that the changes which have been effected in the House bill by the Senate committee and which have been confirmed by the conferees on the part of the two Houses are in many respects important and in most respects bad. I desire to call attention to some of the amendments which I think are fairly subject to criticism and to leave in the Record the expression of my disapproval of the legislation in its present form.

I shall hurry on, passing over some of the matters upon which I have intended to comment. I will speak first of amendment No. 3 and amendment No. 4. I think they may properly be considered together. Amendment 3 strikes out the general authority carried in the House bill to utilize examiners for the purpose of hearings, and amendment No. 4, a Senate proviso, authorizes the commission to employ examiners in a limited character or number of cases. As agreed to by the conferees, the law, if enacted, will authorize the commission to permit examiners to hold hearings only in cases which do not involve—I will read those cases:

- (a) A change in policy by the commission;
- (b) A transfer of the use of radio facilities from one zone to another;
- (c) A change of regulations;
- (d) New devices or developments in radio;
- (e) A new kind of use of frequencies;
- (f) An application for a construction permit;
- (g) An application for a license for a new station;
- (h) Transfer of a license from one licensee to another;
- (i) Revocation of a construction permit; and
- (j) Revocation of a license.

With respect to all these matters an examiner under the conference agreement may not hold hearings. An examiner may, therefore, act only within the narrowest range.

Mr. President, this language is a limitation upon the right to use examiners not only in connection with broadcasting but with respect to every other radio activity. Under the conference agreement as it has been reached the examiners may not be utilized to conduct hearings with respect to the 30,000 or more amateur licenses and amateur applications not only for original licenses but for permits for transfer of frequencies and for all the other activities of the amateur operators of the United States.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from New York?

Mr. WHITE. I do.

Mr. COPELAND. Does the Senator say that a limitation would be placed upon the use of examiners by the Radio Commission if this were to be adopted?

Mr. WHITE. I do. It has practically limited the examiners to negligible authority; and the commission, under the amendment, may not utilize the examiners in any hearing of importance to the radio industry.

Mr. COPELAND. Was that a matter which was added in the House?

Mr. WHITE. No; that was a Senate amendment which was agreed to in conference. This means, therefore, that with respect to the multitude and multiplicity of activities in the radio field concerning which the Radio Commission has responsibility, examiners may not be utilized, but that commissioners—either the commission in banc or individual commissioners—must conduct all those investigations and hold all these hearings in the field or in Washington.

To me it is a most unwise provision, limiting the proper activities of examiners, involving unnecessary delays, and adding to the expense of the administration of this law.

It is also to be noted that this Senate amendment provides, as it is agreed to in conference, that in these unimportant cases which the examiners may hear any party of right may have an oral hearing before the full commission; but with respect to all those important matters which a commissioner must hear there is no provision that there shall be that right of oral argument to the parties. We give a right of oral argument with respect to these trivial matters that examiners may hear, but we do not give a corresponding right of oral argument on all the important matters that come before the commission.

I think, as a practical matter, there is another result that follows from all this. These cases are pending all over the United States. They are almost without limit in number and character. The preliminary investigations and hearings must be either by examiners or by a single commissioner. The result is going to be that the commissioners are going to be away from Washington. They are going to be up in the first zone, or they are going to be out on the Pacific coast in the fifth zone. We are going to have an individual commissioner investigating and hearing all these preliminary matters upon which final adjudications must rest. There is going to be the expense incident to that, and there are going to be delays in getting the commission together in banc to pass upon these important matters.

Mr. DILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Washington?

Mr. WHITE. I do.

Mr. DILL. I just want to remind the Senator of the fact, however, that prior to 1930 examiners never held any hearings of any kind.

Mr. WHITE. No; they made their examinations and made their reports and made their recommendations to the Radio Commission; and those investigations and those examinations and those reports, while not called hearings, were tantamount to hearings.

There is another consideration that influences me in connection with this matter. One of the basic theories of the act of 1927 was this: I was not altogether in sympathy with

it, but it seemed to be the desire of almost everyone else that there should be written into this radio law the principle of regional representation. The law provided that these zones should be set up; that there should be commissioners from each zone representing the particular and the peculiar interest of each zone.

I think it follows that if these preliminary decisions are to be made by a single commissioner, either the commissioner would accept as a matter of course the conclusion and the recommendation of that single commissioner and we would have, therefore, no real commission action but individual decision, or we are not going to have, when final decision comes, a conclusion and a decision by the whole board of radio commissioners. It is inconceivable that a single commissioner who has made an investigation, who has found facts, who has reached conclusions as to the merits of the matter and conclusions as to law, should sit in banc with the other commissioners upon that very case upon which he has held the preliminary investigation and hearing and has reached a conclusion. If that be so, then we are going to have at most a conclusion not by five commissioners but a conclusion by four commissioners, and we are going to have the zone represented by the commissioner who made the initial investigation without representation in the commission at the time of final decision.

I might go on and talk about some other matters in connection with these two amendments, but these criticisms seem to me to be sufficient. These comments seem to me to be sufficiently pertinent. These considerations have convinced me, as I have thought about it, of the unwisdom of these amendments 3 and 4; and what I have said about these two amendments applies to various other amendments that relate to the same subject matter. I think them unwise. I think them unworkable. I think they will mean delays. I think they will mean added expense. I think they are in derogation of this principle of regional representation and full commission action on these important matters.

I believe I am warranted in saying that these changes are approved neither by the commission nor by its counsel nor by radio broadcasters throughout the United States nor by lawyers practicing before the commission. Indeed, I know of no one interested in the radio industry, interested in the Radio Commission, interested in the administration of the law except the Members of the Senate and the members of the committee which proposed this amendment, that favors the change which is here proposed, and which has the sanction of the conferees.

I want it to be a matter of record that I most emphatically dissent from the wisdom of the proposal.

Now, Mr. President, passing on I come to amendment 16, as it was amended by the Senate, which appears on page 9 of the bill. This amendment was offered on the floor of the Senate, and the House recedes, with an amendment.

Before I come to the substance of the amendment I should like to suggest that, as a matter of drafting, the amendment is not in the proper place. The amendment should not appear at the end of section 9, but should have been incorporated in the second paragraph of section 9, to which it is related in subject matter. It has no connection whatsoever with the closing paragraph of section 9, to which it is by its terms attached, and which it follows. That, however, is a mere matter of drafting.

The amendment is important in that it rejects the principle of equality between the zones written into the law by the so-called Davis amendment of 1930. It rejects that principle of equality between zones, and it strikes down the principle that as between States within a particular zone there shall be a distribution of facilities according to the population of those States. It strikes directly at that principle, and the logic of it would carry us to the repeal in its entirety of the so-called Davis amendment.

The effect of the amendment, and, of course, the purpose of the amendment, is to increase the number of broadcasting stations in the United States. It is true that it relates only to 100-watt stations and that the interfering

range of a 100-watt station is not great; but I think everyone at all familiar with radio knows that the carrier wave of a 100-watt station does go for considerable distances and has a disturbing effect upon other stations.

I think it will be agreed by anyone at all familiar with radio that the installation, the licensing, the building, and operating of a 100-watt station require the consideration of other parts of the broadcasting structure, because this 100-watt station may interfere with stations upon a like frequency at appreciable distances from the station licensed.

The fact of the matter is that we have in the United States to-day as many broadcasting stations as there are in all the rest of the world put together. We have already crowded the broadcasting band of the spectrum to the very limits. We have crowded it to the point that the licensing authority has had to resort to all manner of expedients to relieve against the inevitable congestion following from placing the number of stations we now have in the broadcasting band. They are resorting to classifying the stations, they are resorting to spacing the stations geographically, they are requiring the stations to divide time, and they are limiting the power of the stations, all in an effort to keep within the broadcasting band and to make effective and useful within the broadcasting band the number of stations we now have. Notwithstanding all those expedients, there is coming from all over the United States, and particularly from the broadcasters themselves, a demand that the broadcasting band shall be enlarged.

Some persons interested in the subject are to-day insisting that we shall go above 1,500 kilocycles, the present limit of the broadcasting band, and shall put broadcasting stations on frequencies from 1,500 kilocycles up almost to 1,700 kilocycles. The broadcasters themselves are insisting that we shall go into the band below 550 kilocycles, clear down to 160 kilocycles, and place broadcasting stations in that band in order that the congestion in the present broadcasting band may be relieved; and we have at the present time a most serious controversy on between the different radio users of the United States, some fearing the encroachment upon their services through this insistent demand of the broadcasters for the enlargement of the broadcasting band, and the broadcasters urging that they must have frequencies below 550 kilocycles for their uses.

The projection of broadcasters into the band below 550 kilocycles involves the entire mobile interests of the United States. It involves uses by the Navy; it involves uses by the Army; it involves uses by the merchant shipping of the United States and the aeronautical services. The effort to project these broadcasting frequencies down into that band has brought about a controversy which is raging from one end of the United States to the other, and which has arrayed these interests in sharp conflict one with the other.

The Senator from Michigan made some inquiry about a North American conference. That conference is impending. A compelling reason for that conference is the feeling on the part of some of the nations contiguous to this country that the United States already occupies too much of the broadcasting band, and that the United States must yield up frequencies within that band to some of these other nations. Canada wants additional frequencies; Mexico wants additional frequencies; Cuba wants additional frequencies within the broadcasting band, and there is no way in which the United States can stop these nations taking from the broadcasting band whatsoever frequencies they desire to use.

So it is proposed that there shall be a North American conference, and manifestly it will be the duty of the delegates of the United States, it will be the position of the United States and the desire of the United States, to retain for the use of the United States its present number of frequencies within the broadcasting band; and I suppose it had been anticipated that the United States would insist that the broadcasting band now used by the United States is crowded almost to suffocation, and that there could not be put into that broadcasting band stations in Canada or Mexico or Cuba without wrecking the broadcasting structure

of the United States. Yet here is a proposal in the Congress of the United States to put into this broadcasting band, by our own citizens and through the authority of our licensing agencies, more of these broadcasting stations, striking out from under the United States the very ground upon which it must stand in any international gathering with respect to the protection of this broadcasting band for the interest of the United States. I do not know how any delegates of the United States going to an international conference can successfully assert that this broadcasting band as used by the United States is filled to overflowing when confronted with the record that the Congress of the United States is proposing that more of our own stations shall be put into that broadcasting band.

Mr. DILL. Mr. President, will the Senator yield?

Mr. WHITE. In just one moment. I say that if we are to break down this principle of the Davis amendment, which calls for equality between the zones, and which calls for a distribution among the States in proportion to population within any zone, if we are to break it down in this respect, then the entire logic of the Davis amendment will be gone, and we might as well proceed to scrap the entire Davis amendment. I yield to the Senator.

Mr. DILL. Mr. President, I just want to call attention to the fact that a 100-watt station, if arranged as they now arrange them, will be of a certain wave length, and it will not interfere with anything else except another 100-watt station. The amendment is so written that these stations are not to be granted licenses if they will interfere with existing service.

Mr. WHITE. I understand the language of the amendment; but I can not see what position the United States is to be in when it sits down at an international conference and says to Canada, "You must not take any of these frequencies, because it is going to interfere with use in the United States of stations already licensed." I do not see how we are to say to Mexico, "Do not license use of these frequencies, because they are being used in the United States, and it will wreck our broadcasting structure." I do not see how we can say to Cuba, "Please do not make use of these frequencies, because citizens of the United States, under licenses from our radio authorities, have made their investments, built their stations, and are utilizing these frequencies." I do not see how we can effectively urge this contention, when these sister nations can point to this legislation which would authorize the further licensing of radio stations of whatsoever power in this already overcrowded broadcasting band. So I say, with respect to this amendment, that it is unsound in principle, that it might be unwise at any time; but it is distinctly unwise at this particular time, with this international conference impending.

Mr. President, I now pass on from that and come to amendment No. 17, found on page 10. I think the conferees have distinctly improved the first paragraph of this amendment, and I offer no criticism of that paragraph in the form in which it has been reported to the two bodies.

It is interesting, however, in looking at the second paragraph, which is retained, to note that this amendment relates to station licenses, and it requires a hearing upon any transfer of a license, of any radio license whatsoever. It is not limited to transfers of broadcasting licenses, but no one of the 30,000 or more amateurs of the United States may transfer his license, no one of the many other users of radio facilities in the United States may transfer his license, until there shall have been a hearing by the Radio Commission upon the proposal.

Existing law provides that those maintaining stations can not transfer them without the consent of the Radio Commission. It might be a matter of the utmost triviality, an experimental station somewhere, an amateur station somewhere, a station of very limited range and of little consequence, and an examiner might, with the briefest and the most casual examination, determine that there could be no possible harm done in the transfer of the license, and under existing law the commission, in those circumstances, could

grant the application. But here is language which provides that even the simplest thing in connection with the transfer of a license may not be accomplished until there shall have been a hearing by the full commission, and I think that unnecessary and altogether unwise. It might be advisable with respect to broadcasting stations, but with respect to all these thousands of other stations, it is an incumbrance, and not an aid in the wise enforcement of law.

Mr. DILL. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Washington?

Mr. WHITE. I yield.

Mr. DILL. An important transfer of a license is generally for money; and if a license is to be transferred for a money consideration, does not the Senator think the Radio Commission ought to have a hearing on the application?

Mr. WHITE. I quite agree that there is a class of cases, the point-to-point communication licenses in international service, licenses in the broadcasting services, where that would be true; yes. But I can not see why one boy having a little amateur license, living at No. 10 Oak Street, could not transfer that license to a boy at No. 20 Oak Street without a hearing before the Radio Commission.

Mr. DILL. The Senator knows that these amateur licenses being transferred do not result in the transfer of wave lengths, and such a transfer would be a mere formality. The trouble with an attempt to single out certain licenses for hearings, as the Senator suggests, and excepting others from hearing is that we would be making a discrimination, and I can not really see that there is any serious need for that.

Mr. WHITE. I will not dilate on the subject further, although I would be glad to discuss it, but I want to hurry on.

I next come to amendment No. 18, and for the sake of brevity I will discuss amendments Nos. 18, 19, and 20 together.

Amendment No. 18, as agreed to by the conferees, relates to section 14 of the present law, and it provides that any station license may be revoked or the station owner fined not to exceed \$1,000 by the commission, and so forth, for various offenses which are later enumerated in the section.

I instinctively shrink from granting to one of these regulatory bodies the power to impose a fine. A fine is in the nature of a penalty. A fine, in my conception, ought to follow a judicial proceeding. Its imposition is the exercise of a judicial power.

I have not had an opportunity to look up the law on this matter, and I am speaking from pure recollection, but I know that in connection with our navigation laws the authority of the Commissioner of Navigation to impose fines has been upheld by the Supreme Court. My impression is that the case in which the Supreme Court upheld that power decided that right very largely upon the antiquity of the custom and the long exercise of that right by the Commissioner of Navigation. I insist that it is unwise in the extreme to extend to regulatory bodies set up by the Congress the power to impose fines, which are penal in their nature, upon citizens of the United States.

In this connection, I want to call attention to the fact that sections 32 and 33 of the present law authorize the imposition of fines by courts for precisely the same offenses for which this amendment would grant authority to the commission to impose a fine, and there is no provision in the law that a fine by the one shall be to the exclusion of a fine by the other. So that the result of this would be that there might be a thousand-dollar fine imposed by the commission, a thousand-dollar fine imposed by a court for precisely the same offense, and, in addition to that, a jail sentence imposed by a court for exactly the same offense. There would be a duplication of penalty for which, in my opinion, there is no justification whatever.

It strikes me that if we are to give the commission the power to impose these fines there should also go with that authority the power to mitigate or to remit fines. If the

power to impose is to be given, then I submit that there ought also to go with it, as a sort of a corollary, the right to mitigate or remit.

Mr. President, there is another thing in connection with this provision to which I want to call attention. I especially invite the attention of Senators to this. I am considering amendments 18, 19, and 20 together as one amendment. Amendment No. 18 provides that a station license may be revoked or a station owner fined. No. 19 provides that no license shall be revoked and no station owner fined unless the licensee shall have been notified in writing and shall have been given 15 days to show cause why the fine should not be imposed.

There are many cases where the station owner and the licensee are not the same person at all. There are many instances where the owner has leased the station for a term of years and the licensee is in charge with full authority over the operation of the station. In these cases the person who breaches the regulation or the law is not the owner of the station. So what is proposed here is the imposition of a fine upon the station owner, but with a provision for a hearing only for the station licensee, who may be an entirely different person than the owner. In other words, the proposal is for a fine upon the owner, with no provision for notice to him, with no provision for hearing him, but only a provision that the licensee who, as I have said, may be an entirely different person with interests more or less adverse, shall be given a hearing, and the owner, who is to be fined, is to have no opportunity for hearing whatsoever. I submit that that is unsound in principle and would be unfair grossly in its operation. So much for that.

I pass over amendments No. 19 and No. 20, for I have said all I care to about them.

Amendments Nos. 21, 22, and 23 are similar, and I will say what I care to of them, treating them as one.

The present provision for appeals from decisions of the commission is found in an amendment of 1930 to the original 1927 radio act. So far as my knowledge goes, there have been but two criticisms of the present appeal section of the radio law. The first was directed to the failure of that amendment to provide for an appeal from decisions of the commission with respect to construction permits. That was a pure oversight in drafting, understood by everyone familiar with the circumstances under which that amendment was agreed to, and, as a matter of fact, that defect has been very largely cured by construction of the commission and by construction of the courts. Nevertheless, that defect should have been cured, and could have been cured by a very simple amendment.

The next criticism of the appeal section was directed to the fact that all appeals were to be made to the Court of Appeals of the District of Columbia, and it was urged by some persons that certainly in revocation cases the appeal should be to the district court of the district where the station was located, undoubtedly the thought being that a local hearing would in larger degree protect the rights of the station involved.

Of course, that was all predicated upon the belief that there were to be controversies as to matters of fact heard before the district court. The present bill gives an appeal only as to matters of law, so that the force of the original criticism or suggestion has been largely removed. The appeal section in its original form, except for this defect with respect to construction permits, so far as my knowledge goes, had the approval of the Radio Commission, its general counsel, all lawyers practicing before the commission, and station owners and station users generally throughout the United States.

This appeal section has been scrapped in its entirety and a new and what I consider novel appeal section has been substituted for it. The new section provides generally for appeal to the Court of Appeals of the District of Columbia. It includes a right of appeal from any decision suspending a license or construction permit. I call attention to the fact that there is no power in the commission under present law to suspend a station license, so that the appeal section as it

stands is giving a right of appeal from a nonexistent power in the Federal Radio Commission. That power of suspension was removed from the bill by the conferees in agreeing to the various amendments.

In another place in the appeal section the right of appeal is given from a decision suspending a license and it provides that the right of appeal shall be limited to the licensee. Again I invite attention to the fact that in the law there is no power in the commission to suspend a license, so again the amendment gives a power of appeal from nonexistent right.

Paragraph (a) of section 16 as proposed to be amended designates and limits the parties who may appeal. They are an applicant, a licensee, a permittee, or intervenor. No one else may appeal from a decision of the Radio Commission, but there is nothing in the law which says who may be a permittee, who may be an intervenor, or how a person may become either a permittee or intervenor in a proceeding before the Federal Radio Commission. But whatever it means, it is a limitation upon the present right of appeal, for the present right of appeal is among others to any person adversely affected by a decision of the Federal Radio Commission. So here we have a section limiting the right of appeal from that granted by present law.

Because of the peculiar characteristics of radio, because of the fact that a controversy may arise in the State of Missouri and that controversy may involve a station in West Virginia or Maine or Indiana or California, I think it unwise in the extreme to limit, as is here proposed to be done, this right of appeal. I think the right of appeal should be in any person adversely affected or aggrieved by a decision of the Federal Radio Commission.

Amendment 22 authorizes the licensee at his option to file his appeal in the Court of Appeals of the District of Columbia or in the Circuit Court of Appeals for the circuit in which his station is situated. What I now say concerning this appeal section is an expression of doubt, a question as to its meaning and effect, rather than an assertion as to its proper construction. It is interesting to note that with respect to all appeals except from a revocation and a fine, the jurisdiction of the Court of Appeals of the District of Columbia is exclusive. If appeals upon revocation orders and fines are not taken to the Court of Appeals of the District, it is a matter of the gravest doubt whether review as to them can be had from the Supreme Court. The other questions which must go to the Court of Appeals of the District may be taken to the Supreme Court of the United States by certiorari for ultimate and final decision with respect to the law applicable to the case. But with respect to revocations which go to the very life of the license, which involve the entire investment of the licensee, that right of review by the Supreme Court of the United States by certiorari may not be assured because of language to which I shall later refer.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Louisiana?

Mr. WHITE. I yield.

Mr. LONG. I must have misunderstood the Senator. Does he say that the new bill takes away the right of review by the Supreme Court of the United States?

Mr. WHITE. With respect to appeals which go to the Court of Appeals of the District of Columbia the right of review by the Supreme Court of the United States is probably safe although I am not certain of it; but with respect to revocations and fines which it is designed shall go to our circuit courts, there is danger of a denial of the right of review by certiorari in the Supreme Court of the United States.

Mr. DILL. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Washington?

Mr. WHITE. I yield.

Mr. DILL. I should like to know what there is in this section that prohibits appeal to the Supreme Court of the United States?

Mr. WHITE. Let me read section (g) and a subsequent section:

(g) The jurisdiction of the Court of Appeals of the District of Columbia to review any decision or order of the commission shall be exclusive except as to revocations and fines, and the judgment of said court shall be final.

That means as to all matters except revocations and fines.

Mr. DILL. But it says "except" that they shall be subject to review by the Supreme Court.

Mr. WHITE. Except as to revocations and fines.

Mr. DILL. They are reviewed by other courts. I think the Senator should be fair in this matter.

Mr. WHITE. I am endeavoring to do so.

Mr. DILL. I think the Senator is exaggerating the matter.

Mr. WHITE. I do not know how many Senators have studied this question. I have done it as well as I could in the limited period of time at my disposal. I do not want to exaggerate.

Mr. DILL. I ask the Senator again, what is there in section (g) or (h) that forbids appeal to the Supreme Court of the United States?

Mr. WHITE. It says "exclusive except" and—

Mr. DILL. That is excluding only the matter of exclusiveness for the District Court of Appeals. The Senator carries that away over into the other section.

Mr. WHITE. If these questions of revocation and fine do not get into the Court of Appeals of the District of Columbia, as it is designed they shall not, then certainly they can not get into the Supreme Court of the United States from the Court of Appeals of the District.

Mr. DILL. They can go to the Court of Appeals of the United States.

Mr. WHITE. I will come to that in a moment.

Mr. DILL. They are not limited. Section (h) specifically provides they may go either to the District Court of Appeals or the Circuit Court of Appeals.

Mr. WHITE. I will get to the other matter in a moment, and it is closely related to what I am trying to say.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Idaho?

Mr. WHITE. Certainly.

Mr. BORAH. I suppose I am in the same situation as some other Senators. I have not had time to study the matter, and it is rather an expert question anyway.

Mr. WHITE. It is indeed.

Mr. BORAH. I wish the Senator would read again carefully that portion which he says has the effect of denying a writ of certiorari to the Supreme Court of the United States.

Mr. WHITE. I think it is a vexed question. I do not want to be dogmatic in my assertion about it. It is so much a question in my mind that I am very much disturbed about it. Section (g) provides:

The jurisdiction of the Court of Appeals of the District of Columbia under this section to review any decision or order of the commission shall be exclusive except as to revocations and fines, and the judgment of said court shall be final, except that it shall be subject to review by the Supreme Court of the United States upon certiorari.

Then we come to amendment 23. Paragraph (i) which gives the option to appeal to the circuit court of appeals for the district in which the station is located rather than to go into the Court of Appeals of the District of Columbia. The provision with respect to review there is as follows:

The jurisdiction of the Court of Appeals of the District of Columbia—

I am reading it in the form in which it was agreed to by the conferees—

and of the Circuit Court of Appeals of the United States to review any order of the commission revoking a station license or fining a station owner shall be exclusive.

Then it goes on and says, and I am frank to say I do not know what the language means:

An appeal filed by any licensee with either of said courts for the review of an order of the commission revoking a station

license or fining a station owner shall bar appeal by such licensee to any other court for the review of such order.

I am frank to say I do not know what this last language means, but it suggests to me a limitation upon the right of the licensee to proceed by certiorari to the Supreme Court of the United States. I repeat, I do not assert that dogmatically. I am uncertain about it. And this is with respect to revocation and fines over which these circuit courts are given jurisdiction and to which it is designed that these cases shall go.

Mr. DILL. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Washington?

Mr. WHITE. I yield.

Mr. DILL. The evident purpose of that language is to provide that if an appellant goes into the Circuit Court of Appeals, he can not go into the District Court of Appeals. He must choose one or the other. The language may not be as clear as it ought to be, but there is no statement in this section that says the decision shall be final, which would be necessary if we were to prohibit an appeal to the Supreme Court of the United States, as the Senator from Maine argues. His statement requires an interpretation that is extremely strained, to say the least, and I can not believe that any court will put such a strained interpretation and shut an appellant out of the Supreme Court of the United States, because the clear intent is otherwise.

Mr. WHITE. It is perfectly clear from past history in connection with past cases that there is no eagerness in the Supreme Court of the United States to review these decisions. I repeat that I am uncertain what the language does mean, but I am clear in my own mind that when we are drafting a provision with respect to appeal either from the Court of Appeals of the District of Columbia or from a Circuit Court of the United States, it ought not to be susceptible of misunderstanding or misconstruction, and it ought not to be in such language that the right of review by the Supreme Court is put in jeopardy. I am afraid all of those things are true with respect to this provision as it stands.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Idaho?

Mr. WHITE. Certainly.

Mr. BORAH. I desire only to say that the right of review by writ of certiorari under the numerous decisions of the Supreme Court of the United States is so limited that it is not worth very much any way.

Mr. WHITE. Possibly that is so.

When the 1927 radio act was written, it was more or less a pioneering task. There was no body of radio law in the United States, and those active in framing the legislation were going into new and unexplored fields. I have always believed that it was as important that there should be certainty with respect to the radio law as it was what the law in fact was. I do not like at all the suggestion that we are going to have these decisions by the various Circuit Courts of Appeal of the United States. We have nine circuits. We may have nine different constructions of law all at the same time and all before the commission, harassing the commission as to what its proper procedure shall be, what its duties and its rights are under the law. I think it is vastly more important that there should be a single tribunal determining the law with respect to radio, at least in the inception of the development of radio law. I appreciate that the views of the Senator from Washington are widely divergent from mine in that respect, and I understand his reasons—

Mr. DILL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Washington?

Mr. WHITE. I yield.

Mr. DILL. What is there about the radio statute that should cause Congress to confine all the radio reviews and interpretations of the radio law to the District of Columbia Court of Appeals and allow all other statutes affecting the

entire country to be reviewed by the various circuit courts of appeal throughout the United States? What is there that requires that we shall confine all of these reviews to the Court of Appeals of the District of Columbia, which, to say the least, is not of such high order of legal ability as to justify a monopoly of decisions and interpretation?

Mr. WHITE. Mr. President, I have indicated my position and I am not going to elaborate upon it. I think, however, it is vastly more important to get a speedy and certain decision with respect to these new questions of law than it is necessary, for the time being, than to have the divergent views of many courts. I think we ought to have a chart and compass of judicial decision to guide the Federal Radio Commission in the administration of the law as it develops and as it must be changed from time to time as developments come in the radio art. That is all I care to say about that.

Mr. BLACK. Mr. President, will the Senator from Maine yield?

Mr. WHITE. I yield.

Mr. BLACK. Mr. President, the Senator will recall that I have a resolution pending on which it is necessary to secure action to-day or it will be too late. I had expected, and was told, that if I did not object to the conference report coming up its consideration would take only a very few minutes. I wish it understood that I do not desire to do anything to prevent a full and complete discussion, but the conference report is privileged, whereas the resolution to which I refer is not.

Mr. WHITE. I will say to the Senator that I have spoken much longer than I intended and I will agree to conclude within 10 minutes.

Mr. BLACK. I thank the Senator, and I desire to say that I am going to continue the effort to secure the consideration of the resolution and to have a vote taken on it.

Mr. WHITE. If I am not through within 10 minutes, I will yield the floor in any event.

I pass to amendment numbered 26. This is a complete redrafting of section 18 of the present law. It leaves to implication or to construction entirely whether or not the present section is intended to repeal section 18 of the existing law. Manifestly there should have been a provision in terms repealing section 18 if that was the intention of the new draft.

Paragraph (c) of this section projects a new feature into our radio law. It verges closely on the control of rates by the Federal Radio Commission. It declares that rates charged for the purposes of the section shall not exceed the regular rates charged to advertisers furnishing regular programs.

This rule, if it is to be enforced, involves a determination of two things: First, it involves a determination of what are regular programs, and, next, it involves a determination as to what are the regular rates charged for such regular programs. There is no provision in the present law for the filing of rates; there is no authority in the present law for the Radio Commission to control in any degree the rates charged for advertising; there is no authority in the present law for the Radio Commission to do any of the things necessary to make effective this provision. Manifestly, if this provision was to be in the law, it should have been so amplified as to have met the conditions to which I have thus alluded.

Mr. President, there are some other matters to which I had proposed to refer. I think, however, I have said enough to indicate my complete disapproval of this conference report in the form in which it is written. I feel strongly that the conference report should not be adopted. I feel strongly that these proposals which have been agreed to by the conferees should not be written into law.

Mr. DILL. Mr. President, I do not want to take the time of the Senate to discuss at any length the arguments advanced by the Senator from Maine [Mr. WHITE]. The one contention which he made which I think is important, and which if I thought it correct I would myself move to

send the report back to conference, is that if this report is adopted a case of revocation can not be appealed to the Supreme Court of the United States. I asked the Senator from Maine to cite the language of the bill upon which he relied and he first cited the language of subsection (g), on page 16, which provides that the—

review of any decision or order of the commission shall be exclusive except as to revocations and fines, and the judgment of said court shall be final, except that it shall be subject to review by the Supreme Court of the United States.

But I pointed out to him that that in no way refers to the section on revocations and fines, which provides separate language referring to appeals. When he reached that section he then admitted that he was not sure what the language means. I think that may be true, as he did not help frame the provision, but there is not a word in the section relating to appeals in the case of revocations to justify the contention that the writ of certiorari does not lie, and the only possible way such an interpretation could be put upon the language would be to take a strained view that no fair-minded court ever would take. So I think the Senator's contention in that respect is absolutely unfounded.

I want to say just one thing about the objection the Senator from Maine makes as to the provision regulating rates for political discussion. We have found in actual experience that some radio stations have charged candidates for office a higher rate for the time used for making a political speech than they charge advertisers. The committee believes that public discussion is of such interest that it is but a fair requirement to say that they shall not charge any higher rate when a candidate speaks than when an advertisement of some kind is going over the air. That is not the fixing of rates; that is a provision for equality of treatment of public candidates as compared to advertising clients who may come to the radio station.

Then the Senator from Maine made some criticism of the provision requiring a hearing before the transfer of a license. I remind Senators that stations to-day are being sold for hundreds of thousands and as high as a million dollars, and they are sold for those prices largely because of the wave length, the frequency, if you please, that the particular station is using and hopes to continue to use. I take the position that the commission has been derelict in its duty in not having held a hearing in every one of those cases, and I think in many cases the applications should have been rejected.

As to the transfer of licenses of a minor nature, it is not necessary to transfer them, anyway. If some one wants to get a radio license and turn it over to somebody else, and it is a minor license, let him have it canceled and a new one issued, if that be so serious.

So it seems to me, Mr. President, that the Senator's complaints are largely technical, and I really do not see that any of the Senator's objections are serious, except in so far, of course, with regard to certain policies adopted, as to which I concede his right.

But I come back to the policy of allowing nine circuit courts of appeal to pass on this legislation and interpret it, instead of restricting it to one little Court of Appeals of the District of Columbia at Washington that has been interpreting it first one way and another. I think it will be to the benefit of radio that the judges of the nine circuit courts of appeal may pass on these questions, rather than that one court of appeals in the District shall have a monopoly upon such decisions. There may have been justification for that when the original law was written, but radio has reached such proportions that there will have to be new interpretations; there will have to be new interpretations under this bill and a broader and bigger application of the law generally on the part of the various courts.

I move the adoption of the report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. COPELAND. Mr. President, I have been out of the Chamber, and I should like to ask the Senator from Wash-

ington a question. I was quite impressed by what the Senator from Maine said about the restriction on the examiners. Will the Senator explain that restriction or has he already done so?

Mr. DILL. I will be very glad to explain it. When the original law was written it provided that the commission might hold hearings, and in another section it provided that the commission might appoint examiners. The commission operated for about three years without ever allowing anybody to hold any hearings except the commission itself or one of the commissioners. Then somebody, I think the general counsel, suggested that since the Interstate Commerce Commission holds hearings by means of examiners, why should not the Radio Commission let its examiners hold hearings? So they started that policy, and it grew and developed to such an extent that during much of the last few months the commission held practically no hearings, until the agitation was started regarding this amendment. We have tried to permit the minor hearings to be held by examiners, but we believe that the important hearings ought to be held by the commission, and so we have written in this proposed law a provision that minor hearings, not involving any important questions, may be passed on by examiners; but we believe that if the commission is to keep abreast of the development of radio, and if it is to keep awake to the main problems, then the commission itself must sit in the hearings, participate in the questioning, and take part in the actual development of the facts in a hearing.

Mr. COPELAND. Mr. President, if the Senator will bear with me, I have no doubt I am stupid about it, but I have not had the advantage of listening to the debate. As I read the amendment on page 4, line 16, it would seem to me that the actual effect of the bill in operation would be to turn over more business to the examiners.

Mr. DILL. Oh, no; they are now holding practically all the hearings, and the provision referred to limits them and provides that the examiners shall not hold hearings in cases involving a change of policy, a transfer of facilities from one zone to another, a change of regulations, new devices or developments in radio, or a new kind of use of frequencies, and then the conferees added:

An application for a construction permit or license for a new station, a transfer of a license from one licensee to another, the revocation of a construction permit or license.

So we have limited the examiners almost to routine hearings.

Mr. COPELAND. Does the Senator think it is wise to limit the examiners in going over the preliminaries?

Mr. DILL. No; they are not limited in going over the preliminaries. This only applies to hearings. They can still go out and examine; they can submit any kind of reports; they can do anything they please to secure information; but when it comes to holding hearings and examining witnesses on all important matters, that is to be done by the commission.

Mr. COPELAND. Is it the view of the Senator that the commission has time to do that?

Mr. DILL. It certainly has time. At present the commission is doing a comparatively little amount of work, and, in my judgment, unless some legislation of this kind is enacted, we had just as well abolish the commission and have a 1-man director and let the examiners run the commission.

I may say, in fairness to the Senator from Maine, that he has always believed that some plan of this kind would be preferable—not examiners, but that there should be one director of radio, or one man at the head of it, and appeals should be taken to him. I am not criticizing that, but that has been his view.

Mr. COPELAND. With this amendment, is it proposed to adopt the amendment as found on page 4?

Mr. DILL. With the additional words in the conference report, which enlarge the number of things that may not be heard by an examiner.

Mr. LONG. Mr. President, as I understand, at the present time the examiners have ceased conducting hearings.

Mr. DILL. They have since this amendment was proposed and the discussion has been brought forward.

Mr. LONG. That is, the amendment proposed to give them the right by law?

Mr. DILL. No; it proposed to prohibit them from holding important hearings. Since that time the commission has decided to hold the hearings itself.

Mr. LONG. What is the harm of letting examiners hold the hearings?

Mr. DILL. Because the commission has set about to let the examiners hold all the hearings.

Mr. LONG. They do that in the case of the Interstate Commerce Commission.

Mr. DILL. That is true, but the Interstate Commerce Commission is not developing a new art; it is not developing a new science, such as radio; and we believe that if the commission is to keep abreast of the development of radio it must itself hold these hearings.

Mr. BLACK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Alabama?

Mr. DILL. I yield to the Senator.

Mr. BLACK. Has the Senator the floor?

Mr. DILL. I have the floor.

Mr. BLACK. If this discussion is going to continue for some time, as it evidently is—

Mr. DILL. I am ready to conclude. I must answer questions if they are asked, however.

Mr. BLACK. I understand that the Senator is; but it is rather evident that the matter is going to take some time, and it is a privileged matter. I am very anxious to get up Senate Resolution 375; and I am wondering if the Senator would object to laying aside this conference report until we can take up Senate Resolution 375?

Mr. DILL. I do not think it is necessary to lay it aside. I do not think there is to be any more discussion, unless the Senator from New York has some more questions.

Mr. COPELAND. I had one or two more.

Mr. DILL. I think we ought to finish it.

Mr. COPELAND. This is the thought that I have in my mind: If the proviso put in by the House with the addition made in the conference committee should be adopted, would it not mean that the commission itself would have to conduct practically every hearing necessary to determine a policy?

Mr. DILL. To determine a policy, yes; to determine a policy, and it should. No examiner should be allowed to hold hearings that are to affect the policy of the commission; but where the commission has laid down a policy the examiner may get the facts and report them to the commission.

Mr. COPELAND. From my own contacts with the commission I am led to have this conviction: Somebody, I think the Senator from South Dakota [Mr. NORBECK], spoke a moment ago about the number of stations in New York. Of course, we have a great many there; and hardly a week passes but I am appealed to by some radio concern asking for a change of power, a change of frequency, and all that sort of thing. Every such matter would then have to be heard directly by the commission?

Mr. DILL. It would not; no. If somebody wanted to transfer a frequency by a station, take it over, then it would have to be heard by the commission; but if it is a matter of change of power or a matter of applying for a new wave length, or something of that kind, it can be heard by the examiner.

Mr. COPELAND. The Senator is quite sure about that?

Mr. DILL. Oh, there is no doubt about that.

Mr. COPELAND. I ask because this matter has come up very frequently in connection with the city of New York station and some other stations.

Mr. DILL. But if a station is proposed to be bought by somebody, I think the Senator will agree that that is a matter that ought to be passed on by the commission.

Mr. COPELAND. I think that is true. I think it should.
The PRESIDING OFFICER. The question is on agreeing to the conference report.
The report was agreed to.

AVIATION HOLDING COMPANIES, ETC.

The PRESIDING OFFICER. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read Senate Resolution 312, submitted by Mr. NYE on December 23, 1932, as follows:

Resolved, That the Federal Trade Commission be, and hereby is, requested to obtain and furnish to the Senate at the earliest practicable date the following information, to wit: (1) List of stocks held by aviation holding corporations; (2) list showing the various corporations owning stock in air mail transport lines and the amount of stock held in each instance; (3) list showing directors of aviation holding companies owning aviation stocks in air mail transport lines and having membership on the board of directors of such air-transport companies; (4) list showing airplane manufacturers, airplane-motor manufacturers, and airplane parts and instrument manufacturers owning stock in either aviation holding companies or air mail transport lines, and the amount so held in each instance; (5) list of officers and directors of aviation holding companies who through stock ownership are officers and directors of air mail transport lines and companies manufacturing or distributing airplanes, airplane motors, and airplane parts and instruments; (6) list showing employees of aviation holding companies who are also employees of air mail transport lines, and companies manufacturing or distributing airplanes, airplane motors, and airplane parts and instruments, and the compensation, if any, received in each instance; (7) list of employees, officers, and directors now in the employ of air mail transport lines or aviation holding companies or companies manufacturing or distributing airplanes, airplane motors, and airplane parts and instruments who were formerly employed by the United States Post Office Department, giving the position each formerly held in the Post Office Department and the compensation received while in the employ of the said department and the compensation they are now receiving in the aviation industry; and (8) list of employees, officers, and directors of air mail transport lines and aviation holding companies and companies manufacturing or distributing airplanes, airplane motors, and airplane parts and instruments who are relatives of present employees or officials in the said Post Office Department, all such listings to be as of December 20, 1932.

Mr. NYE. Mr. President, by previous action on the part of the Senate a select committee has been authorized to investigate thoroughly the questions involved in Senate Resolution 312. I therefore have no desire to press it, and move its indefinite postponement.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROTECTION OF NATIONAL MILITARY PARKS, ETC.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 5233) to provide for the protection of national military parks, national parks, battlefield sites, national monuments, and miscellaneous memorials under the control of the War Department, which were, on page 1, line 4, after "scribe," to insert "and publish," and on page 1, line 9, after "who," to insert "knowingly and."

Mr. REED. I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. The question is on the motion of the Senator from Pennsylvania.

The motion was agreed to.

PREVENTION OF HARBOR, RIVER, ETC., COLLISIONS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 4008) to amend article 5 of the act of Congress approved June 7, 1897, relating to the approval of regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States, which were, on page 1, line 9, to strike out "barges and canal"; on page 2, line 1, to strike out "boats" and insert "barges, canal boats, scows, and other vessels of nondescript type"; and on page 2, line 5, to strike out "barges and canal boats" and insert "barges, canal boats, scows, and other vessels of nondescript type."

Mr. JOHNSON. I move that the Senate accept the amendments of the House.

The PRESIDING OFFICER. The question is on the motion of the Senator from California.

The motion was agreed to.

INVESTIGATION OF SHORT SELLING ON STOCK EXCHANGES

The PRESIDING OFFICER. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read Senate Resolution 371, submitted by Mr. COSTIGAN on the 24th instant, as follows:

Resolved, That Senate Resolution No. 84, Seventy-second Congress, agreed to March 4, 1932, and continued in force by Senate Resolution No. 239, Seventy-second Congress, agreed to June 21, 1932, is hereby further continued in full force and effect until the expiration of the first session of the Seventy-third Congress.

Mr. COSTIGAN. Mr. President, at this time I move the adoption of the resolution.

Mr. REED. Will the Senator explain to us what the resolution means?

Mr. COSTIGAN. Mr. President, the resolution calls for the continuance until the close of the first session of the Seventy-third Congress of the stock-market investigation now being carried on by the Senate Committee on Banking and Currency. The committee's authority was first given under Senate Resolution 84, and was continued until the expiration of the Seventy-second Congress under Senate Resolution 239.

As is well known, the committee now is in the midst of that investigation. Its disclosures, and legislative remedies which may naturally be expected to flow from the testimony being taken, are justly attracting nation-wide attention. It is assumed that no Member of the Senate will desire to interfere with that highly important investigation at a time when general public agreement is being expressed on the overwhelming necessity for remedial enactments by Congress to guard, so far as is humanly possible, against the recurrence of such conditions as have been and are being revealed by the testimony.

As part of and in confirmation of my remarks, I request that the two earlier resolutions—namely, Senate Resolution 84 and Senate Resolution 239—may be printed in the RECORD, that certain extracts from news columns indicating significant testimony, as reported in the New York Times of February 22 and February 23 may be added; also, that there be included an editorial from the New York Times of this morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Senate Resolution 84, Seventy-second Congress, first session

Resolved, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, is authorized and directed (1) to make a thorough and complete investigation of the practices with respect to the buying and selling and the borrowing and lending of listed securities upon the various stock exchanges, the values of such securities, and the effect of such practices upon interstate and foreign commerce, upon the operation of the national banking system and the Federal reserve system, and upon the market for securities of the United States Government, and the desirability of the exercise of the taxing power of the United States with respect to any such securities; and (2) to report to the Senate as soon as practicable the results of such investigation and, if in its judgment such practices should be regulated, to submit with such report its recommendations for the necessary remedial legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the first session of the Seventy-second Congress, to employ such experts, and clerical, stenographic, and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Senate Resolution 239, Seventy-second Congress, first session

Resolved, That S. Res. 84, Seventy-second Congress, agreed to March 4, 1932, hereby is continued in full force and effect until

the expiration of the Seventy-second Congress, and the limit of expenditures to be made under authority of such resolution is hereby increased by \$50,000.

[From the New York Times of Wednesday, February 22, 1933]

MITCHELL AVOIDED INCOME TAX IN 1929 BY \$2,800,000 LOSS—BANKER TELLS SENATORS HE SOLD STOCKS TO RELATIVE, THEN REBOUGHT THEM—GOT \$3,500,000 IN THREE YEARS—BONUS FROM "MANAGEMENT FUND" WAS IN ADDITION TO SALARY FROM TWO JOBS—"BAILED OUT" CUBAN LOAN—NATIONAL CITY COVERED LOSS OF \$30,000,000 ON SUGAR BY A STOCK SALE TO THE PUBLIC

WASHINGTON, February 21.—Charles E. Mitchell, chairman of the board of the National City Bank and its affiliate, the National City Co., both of New York, to-day told the Senate Banking Committee that in 1929 he sold to a member of his family 18,000 shares of National City Bank stock, the resulting loss of nearly \$2,800,000 enabling him to avoid paying a Federal income tax that year. Later he rebought this stock.

Mr. Mitchell had previously testified that the National City Bank owned all the stock of the National City Co. shareholders, and that the stock of the latter was trusted with three trusts for the benefit of the shareholders of the National City Bank. These trustees were Beekman Winthrop, Percy A. Rockefeller, and James A. Stillman.

In reply to a suggestion that the investment business of the National City Co. has increased substantially since its merger with the Farmers Loan & Trust Co. of New York, Mr. Mitchell said:

"I should say from pure recollection that the sales of securities by the National City Co. had averaged over a 10-year period \$1,500,000,000 a year, and I think the high was about \$2,000,000,000 and the low just under \$1,000,000,000." The high occurred in 1927 or 1928 and the low during the past year.

DELVES INTO BONUSES

Doctor Pecora then examined Mr. Mitchell regarding the payment of bonuses to the officers of the two institutions.

The banker admitted receiving for 1927, 1928, and 1929 from the bank and its affiliate bonuses totaling \$3,481,732, apart from his salary, which in the case of the company amounted to \$25,000 a year. This extra income, he explained, was from the management fund of the two institutions, in which was placed 20 per cent of annual earnings after deduction of 8 per cent to be paid on capital, surplus, and undivided profits.

The bank's management fund in 1927 was \$1,356,990, of which he received \$529,230. The company's fund that year was \$1,988,000 and his share was \$527,000. That made his total bonus for the year \$1,056,230.

The next year the bank's fund was \$1,401,535, from which he got \$566,634, and the company's fund was \$2,739,438, with his share \$750,000. In 1929 the bank's fund was \$1,725,117, out of which he obtained \$608,868.

The affiliate's fund for 1929 was nil, but there was a distribution for the first half of the year from which he got about \$500,000.

This was wiped out by the end of the year. The bonus payments were not refunded, but made deductible from future accumulations, of which there have been none so far, because the management fund system has not operated since 1929.

EXPLAINS GIVING OF BONUSES

"You see," said Mr. Mitchell, "the National City Co. was an investment corporation, and it selected as its executives men who would normally be of the type to hold partnerships in private banking and investment companies. It was necessary to meet the competition of private partnerships, which partnerships were often extremely lucrative, by giving to the officers, who were the equivalent of partners in a private banking or investment firm, some share in the profits that they should make.

"The fund was theoretically divided into two parts, and at the outset of the year the executive committee determined what portion each and every officer should have of one-half of the funds that might accumulate during that year. That was what we called the forward look, because, of course, hardly any two men can be judged to be worth exactly the same amount, and they were all getting the same salary, and this differentiation in the value to the company of these various men was represented in the percentage of this first half of the management fund of which I speak.

"The other half was determined usually twice a year, in July and in January. The officers who participated in this fund were generally asked at that time to submit a vote, which was not a signed vote and was not submitted to me but to some representative of the executive committee.

"It was a secret vote as to what portion should be mine. And then they were asked, having made that vote, for a signed vote as to what proportion each officer should get as to the balance, leaving themselves out of consideration."

COUZENS QUESTIONS PRACTICE

"Do you think it was a good system?" Senator COUZENS asked. "Yes," Mr. Mitchell replied. "I feel quite strongly about it. It established an esprit de corps."

"Doesn't it also inspire a lack of care in the sale of securities to the public?"

"I can readily see, from your viewpoint, that it would seem so," Mr. Mitchell replied, "and I must grant that there must be

some influence. At the same time I don't recall seeing it operate that way."

"You wouldn't," Senator COUZENS retorted. "Only the customers would see it after they got the securities. How many of the securities that you sold are now in default?"

"That is a difficult question," the banker said.

"During a 10-year period our total sales were about \$20,000,000, and I think there has been difficulty of one sort or another in something under \$1,000,000,000."

"I want to say," said Senator COUZENS, "that this testimony is being elicited not with the idea of going into the personal affairs of Mr. Mitchell or the National City Co. but for the purpose of demonstrating publicly, if possible, that these unreasonable salaries and these bonuses lead to unsound banking and unsound sales of securities."

The committee then turned to individual security offerings by the National City Co. and singled out its \$11,000,000 participation in a \$15,000,000 offering in 1924 of Cuban Dominican Sugar Co. stock, which it obtained at 90 and sold at 97½. It was the purpose to obtain from Mr. Mitchell an admission that the public that bought the securities had a right to know the cost of them to the National City Co. as an indication of their "real value."

AVOIDED 1929 INCOME TAX

Reminded by Senator BROOKHART that he had been told by at least a dozen people between the morning and afternoon sessions that their life savings had been wiped out with the drop in National City Bank shares, Mr. Mitchell replied:

"If you know of anyone who has suffered a greater loss in National City Bank stock than I have, then you know something that I don't know anything about."

He said he had bought 28,300 shares in 1923, planning to hold them temporarily and to help out in a difficult situation and to buoy up the market. He subsequently disposed of 10,000 shares and had about 53,300 left. For the balance of 18,300 shares, Mr. Mitchell said he paid between \$375 and \$380 per share.

These holdings were subsequently reduced again in a sale for tax purposes in which he disposed of some 18,000 shares to a member of his family. Subsequently, he bought it back. He did not name the rebuying price.

"How much of a loss did that enable you to show," asked Mr. Pecora. "Wasn't it nearly \$2,800,000?"

Mr. Mitchell replied it was between \$2,700,000 and \$2,800,000.

"That enabled you to avoid an income tax for 1929, did it not?"

"Yes; the losses had been such that I didn't have it."

"It was just simply a sale of convenience to elude the tax, wasn't it?" asked Senator BROOKHART.

"You can call it that," was the reply.

[From the New York Times of Thursday, February 23, 1933]

NATIONAL CITY BANK LENT ITS OFFICERS \$2,400,000 TO SAVE STOCK IN SLUMP—NO INTEREST WAS CHARGED—AND ONLY 5 PER CENT HAS BEEN REPAYED, RENTSCHLER TESTIFIES—CUSTOMERS "SOLD OUT"—LOANS WERE WRITTEN DOWN AND TRANSFERRED TO NATIONAL CITY CO.—JOINT DEALS DISCLOSED—AFFILIATE SOLD 1,950,000 SHARES OF BANK STOCK—SHARED IN COPPER STOCK PROFITS

WASHINGTON, February 22.—Unsecured loans of \$2,366,000 were made by the National City Bank to its own officers to enable them to cover open-market commitments in the bank's stock, following the market collapse of 1929, while at the same time the bank was selling out customers whose collateral did not cover their margins. Gordon S. Rentschler, president of the bank, admitted to-day at the continuation by the Senate Banking and Finance Committee of its inquiry into the stock market.

Subsequently the loans, only about 5 per cent of which were repaid, were written down to the bank and transferred to its affiliate, the National City Co.

Ferdinand Pecora, the committee's counsel, also brought out from the witness that in the three years ending 1930, the National City Co., borrowing from the bank, sold 1,950,000 shares of the bank's stock to the public for \$650,000,000. Some of this stock was sold at \$580, though its book value was between \$60 and \$70 and the dividend was \$4.

Charles E. Mitchell, chairman of the boards of both institutions, recalled to the stand, testified as to details of joint operations in copper stock by the National City Co. and the bank, the transactions being financed by stockholders of the bank. The public bought 1,300,000 shares of Anaconda stock for more than \$100 a share. Its present value is from \$7 to \$8 a share.

Another highlight in to-day's inquiry was that employees of the bank had been paying, through deductions from their salaries, for stock of the company bought in 1929 at \$200 and \$220 a share. They still owe more than the shrunken market value of the stock.

EXPLAINS LOANS TO OFFICERS

The fund of \$2,400,000 for loans to officers without interest was established by the bank on November 13, 1929, within a fortnight after the stock-market crash. Mr. Rentschler told the committee, to "sustain the morale of the organization and to protect the officers in the existing emergency."

Not more than 5 per cent of these loans had been repaid to the bank, some having been charged against its undivided profits accounts and the remainder written down and transferred to the National City Co. The bank president said the fund had been first suggested either by himself or by Charles E. Mitchell in the belief that it was essential to the welfare of the organization that its officers be protected in the period of financial stress.

He agreed with the comment by Mr. Pecora that the loans were made "principally" for covering commitments of its officers in the open market on National City Bank stock, although at the same time other of the bank's customers that had deposited collateral with it were sold out.

ONE HUNDRED OFFICERS PROTECTED

Mr. Rentschler testified that the unsecured loans had been made to probably 100 men, many of whom also shared in the management-fund bonus, of which Mr. Mitchell admitted yesterday he received \$3,500,000 in three years.

[From the New York Times of Tuesday, February 28, 1933]

BETTER BANKING

The resignation of Mr. Charles E. Mitchell was inevitable. No banking institution, not even the next to the largest in the world, could afford even to appear to approve or condone the transactions of which he was a guiding spirit and one of the beneficiaries. He maintains that they were misrepresented before the Senate committee, or misunderstood, but clearly perceiving the mischief that had been done, his very loyalty to the National City Bank impelled him to step out. The directors acted with promptness and without hesitation. They saw at once that no other course was possible in view of the surge of public opinion set in motion by the disclosures at Washington. It was not a case of personalities. The question was one of principle, of sound banking methods. These had been flagrantly violated and there was nothing for the directors to do but elect new officers and promise a new policy. In their public statement they pledge the service of the bank to the domestic and foreign commerce and industry of the United States along the well-marked lines of commercial banking. Significant, too, is their undertaking to confine the activities of the National City Co. to Government, State, municipal, and corporate bonds of the highest character. This should mean an end to the mad speculation of banks in the years when nearly everybody was mad.

Almost at the same time Mr. Henry Ford and his son were entering the banking field in Detroit and announcing the standards which they propose to adopt and follow in their new business. These sound old-fashioned, yet come with a sense of reassurance to many who have suffered from new-fangled notions of banking. "The bank's first function is to provide a place of safe deposit. * * * Bank loans should be made for productive and not speculative purposes." That last sharp line of division it is confessedly not always easy to draw. There is often a speculative element in even legitimate enterprises which a bank is asked to help finance. Not all productive loans are as safe as they seem at first. But there is all the difference in the world between assuming a slight risk in loaning money, and plunging deeply into wild speculation with the bank's own funds. The era when that sort of thing was too commonly done by banks is now closed in the United States, and what has been learned in the hard school of experience should prevent anyone wishing to reopen it for a long time to come.

Apart from scandals here and there in recent years, the banking system of the United States is notoriously defective. The record of bank failures during the past three years—even in the years before the crash of 1929—is humiliating and even shameful. State charters have been granted improvidently. Inexpert and incompetent men have been made directors and presidents of banks. The accumulated misfortunes and disasters which have in consequence afflicted so many States, and provoked so widespread a distrust of our banking methods, have become a powerful argument for the revision of our banking laws. It is now felt to be a crying necessity. In the effort partially to meet it, the Glass bill, with its many excellent provisions, though with some that are questionable, was passed by the Senate and is now awaiting action by the House. In the end we shall probably need other and perhaps more drastic statutes, Federal and State, if we are to remove from this country the reproach of having the worst banking system in the world.

Even the best one, however, will require men of the highest ability and utmost probity to manage it successfully. This, after all, is the chief moral to be drawn from the imprudences and irregularities which have been spread before the country by the Senate investigation, and have had so disturbing and unsettling an effect. Capable and conservative bankers can make even a bad system work, but if the established rules of sound banking practice are forgotten or openly violated, if deposits are not regarded as a sacred trust but as material for reckless speculation, if personal motives and a rush to get rich animate the management, there is no safety for anybody, and banks will fall into merited disrepute and distrust. That they have been fully realizing this, and have been striving for some time in every way to go back to the old and stable ways of banking, is one of the encouraging signs in these days of slow recovery. Frozen assets are not the greatest handicap of the banks. What is hurting them most is frozen confidence. Their first and imperative duty is to seek and to deserve to win back the trust of the public.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

PROPOSED OCEAN MAIL CONTRACT

The PRESIDING OFFICER. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read Senate Resolution 375, submitted yesterday by Mr. BLACK, as follows:

Whereas specifications have been issued by the Postmaster General calling for bids on March 1 for an ocean mail contract from Philadelphia-Baltimore to Liverpool-Manchester, route No. 58 B, which involves the establishment of a new steamship service and the payment by the Government of about \$1,000,000 per annum for 10 years or \$10,000,000 in mail money, and also involves the selling of vessels by the United States Lines Co. for a reported price of \$500,000 each, which were recently purchased from the Shipping Board for \$131,250 each; and

Whereas this proposed new steamship service competes with other American services already established at a great cost to the Government, which services also receive mail pay; and

Whereas it is understood this new line is to be operated by the International Mercantile Marine Co. (Inc.), which already receives large subsidies from the Government while at the same time operating foreign-flag lines competing with American lines; and

Whereas it appears that there has not been and will not be sufficient time to fully investigate the economic necessity of such line or the propriety of granting a mail contract on March 1 next, and as the matter of ocean mail contracts is to be generally investigated by a committee of the Senate; and

Whereas the Merchant Fleet Corporation reported on February 6, 1933, that this steamship service is not justified: Now, therefore, be it

Resolved, That the Postmaster General be requested to postpone the awarding of the said mail contract until the matter can be more fully investigated and the soundness of the proposition more completely determined from the standpoint of the Government's interest and all the facts and circumstances involved.

The PRESIDING OFFICER. Is there objection to the passage of the resolution?

Mr. REED. Mr. President, there is objection to the passage of the resolution.

Mr. COPELAND. Mr. President—

Mr. REED. I do not mean to take the floor, however, if the Senator from New York wishes to speak at this time.

Mr. COPELAND. I desire to speak at some time during the morning, but I will not interrupt the Senator.

Mr. REED. I shall be glad to have the Senator go ahead now.

The PRESIDING OFFICER. The Senator from New York.

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Illinois?

Mr. COPELAND. I do.

Mr. LEWIS. If the Senator from New York intended to occupy some moments in addressing the Senate, I defer, of course, to him. I desire to occupy a few moments.

Mr. COPELAND. I gladly yield to the Senator from Illinois.

PROPOSED EMBARGO ON SHIPMENT OF ARMS

Mr. LEWIS. Mr. President, I take the liberty of occupying a few moments to bring to the attention of the Senate a subject which, if not carefully watched and prudently guarded, may involve the United States in the difficulty in which it found itself with Mexico in the conflicts that were occupying Mexico some years past, but more particularly the prospect of involving ourselves in a situation similar to that which came upon us in our relations to Germany when she was at war with England and France and we stood in the position of neutrals.

Mr. President, the morning papers bring us the cabled information, confirming that of yesterday, that the Government of Great Britain, through its proper agencies, has assumed to invite us to the consideration of placing an embargo against our own country in the matter of the transportation of arms to the contending forces of China and Japan.

Mr. President, I have no interest, sentimental or material, in behalf of any manufacturer of arms. Were it left to me

I should frankly say, though I know I am at great variance with my eminent colleagues on both sides of this Chamber, that I would reduce all manufacture of arms having to do with war to a privilege only of the Government, in order that it could be watched and guarded, wherein it could not be used as an agency that could involve us in conflict by disclosing partiality in one direction and covert violation of the neutral laws in the other.

But I come to the point I wish to press upon the Senate.

I am exceedingly anxious that this Government shall not be induced by any form of advance through any other country, its agencies or its interests, to join any other country in any policy it assumes to express to us as the policy of that country respecting its relations with a foreign country; and in this case I advert to the matter of the embargo upon arms.

Mr. President, this is a place where complete frankness must be indulged. Our people must learn to know that while it may be true that England can find it agreeable to intimate some association with us and have us follow some lead she now expresses respecting the embargo on arms as to China and Japan, let us not forget that during the last year and a half England has already supplied both the countries of China and Japan, wherever possible, with all the arms and munitions her people desired and could pay for, and, in addition to that, prepared for further contributions of arms to these countries by laying down, in the behalf of Japan and China, one or the other or both, such preliminary machinery as made a substantial basis for the manufacture by the countries of either China or Japan, or both, of such munitions of war as may be necessary for those countries in the present engagement.

Mr. President, the United States is assumed, under our statutes, to be neutral, and that neutrality is to be preserved. I am particularly attracted by the observations of the Senator from Pennsylvania [Mr. REED] in calling attention to neutrality as a policy of our Government. But the very moment this United States blunders again along the route on which she blundered unhappily through being deceived, in the misconception of a friendship that was really an enmity, and allows herself to be directed by some other country as to the foreign policy this America shall adopt, she forsakes her position of advantage, her influential attitude, her secure and sure rock on which she stands as a separate nation of power in neutrality and in influence.

The attitude of the United States to-day must be this, that she is opposed to war as a policy of any nation, that she seeks peace by every prospect that can be invoked through or by any nation. But she has learned the lesson that while she does not desire that her life shall be one alone, to walk the road of nations without company or companionship, and in no wise, sir, seeks such isolation as makes her a stranger to the needs of a people or of mankind, she must now realize that the attempts of the past to join with other nations upon the theory that she is entering a copartnership that makes for peace and concord led her into conflict so serious of nature as to involve her in what appears to be the loss of twenty-five billions of money, 200,000 of her sons, with 200,000 more of them crawling through the spaces of nature in her land with their hands held out piteously and their voices moaning "Charity."

Mr. President, this is, I may say, in behalf of my own view the moment now when we should with great prudence allow nothing that should involve the coming administration, or that which is the present administration, to enter into any of these seductive alliances suggested, for whatever reason we need not pause at this moment to wholly determine, but let America keep her place, carrying out her policies separately, under the law, as prescribed in her statutes, in executing the policies as declared in her neutrality, and protecting her own existence in the trade her citizens have a right to enjoy. But at a time like this, when, in the Philippine Islands, there are vast millions of property which, belonging to the United States and thousands of American citizens, can be made the subject of an immediate assault in the event of our giving any cause for grievance to any one

of the oriental lands, China or Japan, or with their secretly, Russia, joining one or the other, we would invite to ourselves a condition of conflict which we could not avoid, but which, in its end, would be one of such serious embarrassment and possibly of such very wide extent in its dangers that none on this floor could correctly depict its possibilities for the present, or its dangers for the future.

Therefore, Mr. President, at this moment allowed me, I desire to say, so far as my voice may reach, that America has learned the lesson that her real course at this present time must be the fulfillment of her own laws, by herself, to carry out her own policy according to the spirit of her institutions, the sentiment of peace in the heart of the American, but, above all else, sir, the preservation of the principles of the Government of the United States. It will neither enter, as I would not allow were I privileged to be the guard and the guide, with any people or any nation anywhere, where the voice would be permitted to guide us by their vote of numerical strength, 1, 2, or 3, nor embarrass us by the entrance into our counsels upon the great questions now before us, particularly our relations with Asia.

One final word. The President elect of the United States, we gather from the public press, has, through his representatives—prospective members of the Cabinet—entered into appropriate conferences with those who speak on the question of trade and the future commercial relations between our land and the lands for which these representatives speak. Sir, such conferences should go on without interruption. They should go to the extent the incoming administration feel is justified, and we should aid the present administration to the full extent that is necessary in any policy it undertakes that is wholly and strictly American. But wherever a movement shall be initiated by foreign lands or foreign interests to involve us again in an attempt of communion with other nations in executing what appears to be the suggested policy for peace to humanity, let us not forget that these were the same pretenses of some years past, by the same sources, which finally led us into a condition of maze and embarrassment from which we can not live long enough in the present generation ever to escape. Nor should we embarrass the administration now coming into power, or the one that is presently engaged, by repeating the blunders of the yesterdays that cost us so seriously, and will ever continue to involve us so greatly, in the coming days of the to-morrow.

America does not ask that she shall walk the world pathways alone. She only seeks that she shall deal in behalf of her own people, as America, uninfluenced and undirected by the pretenses, however specious and false, as they have shown themselves in the past, that we may not repeat the unhappy tragedies of the yesterdays.

I beg to say, sir, I only speak that we may stand to-day and give the world to understand that now we are ready to stand to-morrow on the policy of America, and for her people, that policy that shall be the American policy, often expressed—peace to all the world, happiness to all mankind, but complete and independent justice to the United States.

OCEAN MAIL CONTRACTS

Mr. COPELAND. Mr. President, there is no more appropriate time, I think, to say what I have in my mind than now. Following the eloquent address of the Senator from Illinois [Mr. LEWIS] it may not be out of place to mention what I desired to say a few moments ago. What I have to say is appropriate, too, because the pending matter is the resolution of the Senator from Alabama [Mr. BLACK] relating to our shipping.

Mr. President, it is a matter of great concern to us who have been particularly interested in the shipping problems of America to find what really is the attitude of Great Britain toward our efforts to build up American shipping. Some weeks ago, in reply to questions of the Senator from California [Mr. JOHNSON], I brought to the attention of the Senate what is being done by the British regarding the oncoming economic conference. The British Chamber of Shipping has made every effort to pledge in advance the delegates to the world economic conference to be called

pretty soon. It is the endeavor of British shipping interests to defeat our efforts in the United States to build up American shipping.

We have not always been quite patient with the Shipping Board. Sometimes we have been quite critical of that board. But I am glad to report that in this particular matter, certainly there has been great alertness on the part of the board. The Shipping Board has undertaken to discourage the State Department from including in the agenda of the coming conference any reference to shipping.

Mr. President, under date of January 11, 1933, the acting Secretary of State, replying to a letter of the Shipping Board, said that, so far as he could judge at that writing, "There was no intention of putting this question upon the agenda." That was very encouraging.

I can not see, for the life of me, that a matter which is purely local, which has to do with our own shipping, and the relationship of our country to shipping, should be made a matter of debate in the forthcoming economic conference. As a matter of fact, so far as I can see, the British are attempting to put everything possible into the agenda, in order that they may have trading material when it comes to the question of dealing with the international debts.

Mr. SHORTRIDGE. Mr. President, will the Senator from New York yield to permit me to make a motion?

Mr. COPELAND. I yield.

Mr. SHORTRIDGE. I move that the Senate proceed to the consideration of House bill 13724, the Navy Department appropriation bill, and that it be given immediate consideration.

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. BLACK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. BLACK. Can a Senator hold the floor while he yields to another Senator to make a motion to take up another matter, and continue to hold the floor thereafter?

The PRESIDING OFFICER. The Chair just asked the Senator from New York whether he yielded for that purpose.

Mr. BLACK. Do I understand the Chair to hold that the Senator from New York has a right to determine for what purpose he shall yield the floor and that the Chair holds that the Senator has a right to yield the floor for the making of a motion? Does the Chair hold that would prevent some one else getting the floor to discuss the motion or for some other purpose?

The PRESIDING OFFICER. The Chair will state that the Senator from New York has the floor until he yields it. The Chair asked whether he yielded for this purpose.

Mr. BLACK. I object to his yielding for that purpose.

The PRESIDING OFFICER. It is not within the province of the Senator to object. Does the Senator from New York yield for the purpose suggested by the Senator from California?

Mr. COPELAND. Mr. President, a parliamentary inquiry.

Mr. SHORTRIDGE. I am very much interested in the observations of the Senator from New York, but we are all directly interested in the passage of the appropriation bill. I do not think it would take long to consider it and when it is concluded I shall be very glad to have the Senator from New York resume his remarks and I shall pay very respectful attention to them.

The PRESIDING OFFICER. The Chair will state to the Senator from New York for his protection that if he yields for this purpose he loses the floor.

Mr. REED. Mr. President, is not the whole matter entirely within the control of the Chair? While it is obviously true that if the Senator from New York yields for the motion he yields the floor, it is within the power of the Chair to recognize him as soon as the motion has been disposed of, and he may then resume his observations.

The PRESIDING OFFICER. Provided he obtains the floor.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Arkansas?

Mr. COPELAND. I yield.

Mr. ROBINSON of Arkansas. We are entering a situation here where I conceive that a good deal of time is liable to be wasted. I am going to submit a request which I feel sure will be granted. I ask unanimous consent that the unfinished business, which is the resolution of the Senator from Alabama, be temporarily laid aside and that the Senate proceed to the consideration of the Navy Department appropriation bill.

The PRESIDING OFFICER. The Chair would state that there is no unfinished business.

Mr. ROBINSON of Arkansas. The hour of 1 o'clock having passed and the resolution being under consideration it takes the status of unfinished business.

The PRESIDING OFFICER. The Chair would state that it is not the unfinished business. It is the pending business.

Mr. ROBINSON of Arkansas. Mr. President, I ask that it be in order to proceed with the consideration of the resolution of the Senator from Alabama, that the resolution be temporarily laid aside, and that the Senate proceed to the consideration of the Navy Department appropriation bill.

The PRESIDING OFFICER. That request is in order. Is there objection?

Mr. KING. Mr. President, reserving the right to object, I want to suggest to my leader that the motion which the Senator from Alabama desires to present for consideration must receive consideration to-day to have any effect whatever. If I understand the purpose of the Senator from Arkansas, it is to displace it by placing before the Senate the Navy Department appropriation bill.

Mr. ROBINSON of Arkansas. I did not think it necessary to explain to one of the experience of the Senator from Utah that if my request is granted—

Mr. KING. I do not ask the Senator to explain anything to me.

Mr. ROBINSON of Arkansas. Then the Senator from Alabama at any time can bring his resolution back before the Senate by a simple demand for the regular order.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. Is not the resolution offered by the Senator from Alabama now the unfinished business?

The PRESIDING OFFICER. It requires a vote of the Senate or unanimous consent to make it the unfinished business. Is there objection?

Mr. REED. Mr. President, reserving the right to object, it is perfectly obvious that with the number of Senators opposed to the resolution of the Senator from Alabama his resolution can not be passed to-day. To keep it before the Senate merely postpones the consideration of vital appropriation bills and wastes one of the four remaining legislative days of the session. We would waste 25 per cent of our effective time by going on with the resolution, which a number of Senators are determined shall not pass.

Mr. BLACK. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Alabama?

Mr. COPELAND. I yield.

Mr. BLACK. Would the Senator object to placing in the Record the names of those Senators? I have heard of only one, the Senator from Pennsylvania.

Mr. REED. Doubtless others will put their own names in the Record.

Mr. BLACK. The Senator states there are several others, and I think we are entitled to know who they are.

Mr. REED. The Senator had better make inquiry as I did and find out for himself. I am not going to make announcements of that nature for other Senators. Therefore, I am obliged to object to the request of the Senator from Arkansas.

Mr. BLACK. Mr. President, the Senator from New York still has the floor?

The PRESIDING OFFICER. The Senator from New York still has the floor.

Mr. KING. Mr. President, I ask unanimous consent that we proceed to the consideration of the resolution offered by the Senator from Alabama and that we take a vote upon the same at 3 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. REED. I object.

Mr. KING. I move that we proceed to the consideration of the resolution offered by the Senator from Alabama.

Mr. LA FOLLETTE. Mr. President, that motion is not necessary.

The PRESIDING OFFICER. No; the resolution is already before the Senate.

Mr. SHORTRIDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from California?

Mr. COPELAND. I yield.

Mr. SHORTRIDGE. In the interest of good government and of necessary legislation, may I make the suggestion that the pending resolution offered by the Senator from Alabama be temporarily laid aside, that we take up for consideration the Navy Department appropriation bill, and that upon the conclusion of its consideration we resume the consideration of the resolution of the Senator from Alabama.

The PRESIDING OFFICER. Is there objection?

Mr. SHORTRIDGE. How can there be any objection to that?

Mr. BLACK. Mr. President, reserving the right to object, if the Senator will eliminate one statement in his request, that upon the conclusion of the consideration of the appropriation bill the resolution shall be taken up, I shall not object. But I desire to state to the Senator now, in order that it may appear in the Record, that the question has been brought up by the Senator from Pennsylvania [Mr. REED] that important legislation should not be laid aside. I desire to state to the Senate that, in my judgment, if the contract is made, it will constitute the perpetration of a gross and outrageous and corrupt fraud. If there is anything more important than the prevention of the perpetration of a \$10,000,000 fraud in this country on the part of those who are in power for only a few days more, then I do not so understand it.

I do not object to the request of the Senator from California if he will eliminate the statement that we wait until the appropriation bill is disposed of, because I am convinced that there are those here who will object and who will use that bill as a means to filibuster and prevent action on my resolution.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from New York has the floor. Does he yield to the Senator from Arkansas?

Mr. COPELAND. I yield.

Mr. ROBINSON of Arkansas. If the resolution is to be acted upon and to have any effect, it is necessary that it should be disposed of before to-morrow. It is directed at contemplated action by the Post Office Department which it is expected will be taken to-morrow unless some deterring influence is exerted. It does seem to me that Senators ought not to take advantage of the situation which exists here to prevent an expression of opinion by the Senate on the subject matter of the resolution.

It happens that almost at the end of every session of the Congress, particularly a short session, some one seeks to avail himself of the rule of unlimited debate in order to prevent decision touching legislation. I do not believe we are justified in taking the rest of the day or in debating until midnight to-night irrelevant subjects in order to prevent the Senate from registering its will touching this resolution.

The Senator from Alabama has made a statement which is significant. He read into the Record yesterday statements which tend to show that there is some mysterious

influence being exerted hastily to dispose of these contracts. It is an astonishing thing that just two or three days before a new national administration is to take the reins of government an administration which has been in power for eight years should speed up contracts that are under suspicion. It is astonishing that agencies here should lend themselves to the prevention of action which the Senate has a right to take. If a filibuster against this resolution arises, everyone knows that there can be no expression of the opinion or the will of the Senate until after the contracts under suspicion have been signed, sealed, and delivered, and the new administration will be handicapped by the assertion and contention that we can not escape because we are bound by the letter of the contract. What is the haste about the matter? Why should the Post Office Department serve notice that if it is to be done it should be done quickly?

If 'tis done, when 'tis done, 'twere well 'twere done quickly.

Why do they assert that if these contracts are not made on the 1st of March, three days before the new President takes the oath of office, they probably will not be made at all? Why do Senators insist upon maintaining a situation under which those contracts will be made and the new administration handicapped?

Mr. BLACK. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Alabama?

Mr. COPELAND. I yield.

Mr. BLACK. I desire to call the Senator's attention to the fact that I hold in my hand a statement that \$250,000 of stock will be subscribed by the Pennsylvania Railroad Co., \$125,000 by the Baltimore & Ohio Railroad Co., \$125,000 by the Reading Co., and that the International Mercantile Marine will subscribe to some of the stock through selling ships for three or four times what they were bought for from the Shipping Board.

I desire to call the Senator's attention further to the fact, in line with the statement which has just been made by the Senator from New York, that this company is interested in foreign steamships. This company plies under foreign flags. It is much interested in bringing about this contract, which it is said could not be forced onto the public under the new administration.

Mr. REED. Mr. President—

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. REED. Will the Senator yield to me to answer a few of the statements which have been made about fraud?

Mr. COPELAND. I will yield to the Senator, and then I should like to complete the short speech that I want to make.

Mr. REED. I wish only to say that a great number of the statements made by the Senator from Alabama [Mr. BLACK] yesterday, as well as his statements to-day, not only his generalities that this contract is fraudulent but his circumstantial statements with regard to the ownership of this line, with regard to the interest of the International Mercantile Marine, with regard to the using of steamers that fly foreign flags, with regard to the price that is being paid by the new company, and with regard to the cost of the steamers to the old company are all, I am informed, erroneous, as in my own time I will attempt to demonstrate.

Mr. BLACK. Mr. President, will the Senator yield—

Mr. REED. I have not the floor to yield to the Senator from Alabama.

Mr. BLACK. Will the Senator from New York yield?

Mr. COPELAND. I yield.

Mr. BLACK. I hold in my hand a letter from the chairman of the Shipping Board which came from a representative of the interests from Philadelphia trying to put through this contract.

Mr. SHORTRIDGE. Mr. President—

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. SHORTRIDGE. I renew my request.

The PRESIDING OFFICER. To whom does the Senator from New York yield?

Mr. COPELAND. I am not going to yield to anybody to make a speech; I am going to make my own speech, if I ever get a chance. It is a very unpleasant thing for a modest man to be in so conspicuous a position, but I will yield to the Senator from California, who is equally modest, to find out what he wants.

Mr. SHORTRIDGE. I renew my request that the resolution of the Senator from Alabama be temporarily laid aside and that we may proceed to the consideration of House bill 14724, making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1934, and for other purposes.

Mr. BLACK. Mr. President, I could not understand the request of the Senator from California.

NAVY DEPARTMENT APPROPRIATIONS

The PRESIDING OFFICER. The Senator from California asks unanimous consent that the resolution of the Senator from Alabama be temporarily laid aside and that the Senate proceed immediately to the consideration of the naval appropriation bill.

Mr. BLACK. That is the entire request made?

The PRESIDING OFFICER. That is the entire request. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 14724) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1934, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. COPELAND. Mr. President, I do want to say, because I think every Senator should know it and the country should know it, that the British are seeking to hamstring American shipping. I suppose for one who attempts to maintain some degree of dignity this is a rather positive statement to make. But, frankly, I am utterly out of patience with the efforts being made by British shipping to hamper the development of the American merchant marine. Yet, Mr. President, that is exactly what is being attempted by our cousins across the sea.

Mr. Walter Runciman, president of the board of trade and a member of the British cabinet, at the dinner of the Chamber of Shipping in London a few nights ago, poked fun at us. He said:

I have underestimated the extent of the American merchant marine, but I was thinking of those ships that were fit to trade.

It is stated:

Laughter swept the hall.

If we have no ships fit to trade, there is no reason why the British shipping interests should be distressed over our merchant marine. But really that must have been sardonic laughter.

It will be recalled, as I stated to the Senate some days ago, that Sir Alan Anderson, the head of the British Board of Trade for Shipping, pointed out how necessary it is that the subsidies and aids being given American shipping should cease. I read to the Senate on another occasion the resolutions adopted by the British Board of Trade for Shipping, describing in detail what efforts are to be made to interfere with our progress in the development of American shipping. Among other things, it is proposed that the British delegates to the forthcoming world economic conference should be instructed to get in contact with as many delegates as possible appointed by other countries, in order that a compact may be entered into to take action at the economic conference against the development of American shipping.

Mr. President, that is rather a positive statement, but it is borne out by the record.

As I attempted to show before this unpleasant parliamentary episode occurred, the American Department of State has failed, as I see it, to guard American rights and privileges in the forthcoming economic conference. I read, and I recall to the attention of the Senate, a quotation from a letter written by the Acting Secretary of State in January to the effect that there was no intention of putting the question of shipping upon the agenda.

A few days ago in the British Parliament Ramsay MacDonald said of the forthcoming conversations in the United States that it was expected all the questions upon the agenda of the economic conference would be discussed and considered. That was the statement of Ramsay MacDonald; and yet only a few days before that, those in this country who stand guard over American shipping were told there would be nothing upon the agenda relating to shipping. But what happened? As usual, the British statesmen were too smart for American statesmen, and we have one more defeat to our credit.

In the agenda for the monetary and economic conference which I hold in my hand I find on page 31, section 6, under the heading "Organization of Production and Trade," the following:

Some of us have felt that a greater freedom of international trade is not the sole remedy for the present crisis, that the crisis has revealed profound disorganization of production and distribution, and that, on this point also, joint action by the governments is necessary for the recovery of an economic system threatened by bankruptcy.

We take the view that concerted action by the governments in selected fields of production and trade may be effective, either in the direction of facilitating and regulating the efforts already made by certain classes of producers, or in alleviating the unfortunate results on the economic situation of interventions which are prompted by unduly narrow national considerations.

Of course the reference there is to the "national considerations" of ours to develop our commerce and trade.

I will quote further from the agenda on page 33, under the heading "Transports." Listen to this:

Among the agreements to be considered, the conference might endeavor to ascertain whether it would not be possible to conclude agreements in connection with sea, land, or river transport which might improve the economic condition of the transport system, while considerably reducing charges which at present represent a heavy burden on the State budgets in the case of certain methods of transport.

In the case of shipping, the most urgent questions arise in connection with direct or indirect subsidies to national mercantile marines and premiums on national shipbuilding. This policy has certainly contributed toward the creation and maintenance of a much greater tonnage than is required by existing international trade, so that in many countries shipping has become a burden on the national economy instead of a contribution to its prosperity.

We agree with the meeting of shipowners recently held at the International Chamber of Commerce that it is impossible to return to sound conditions in the shipping industry so long as the uneconomic policy of Government subsidies continues. This policy of excessive intervention requires to be checked by agreement between the governments. At the same time certain possibilities of agreement might be considered with regard to the scrapping of old tonnage, the utilization of existing tonnage, and the laying down of new ships.

Similarly, in the case of air traffic, the subsidies granted by States or other public bodies constitute a considerable portion of the receipts of air-traffic companies. In this sphere, as in that of shipping, subsidies render competition particularly burdensome.

In the case of rail transport, at any rate on the European Continent, endeavors should be made to ascertain whether it is not possible to arrive at agreements setting definite limits to the indirect protection of national economic interests by means of railway tariffs.

Lastly, any progress which may be made by the conference toward greater freedom in international trade should naturally lead to the adoption of a more liberal policy in respect of international transport by river and road, since the economic importance of these two methods of transport is constantly increasing.

Mr. President, it does not become a nation which for 400 years has subsidized its ships as Britain has—and I speak advisedly when I say "400 years"—it does not become a nation which has resorted during all these years to direct and indirect subsidies and aids to its shipping; it does not become that nation, in my judgment, to find fault with us because we have copied her policy and attempted to build up our shipping in the same manner.

I can not blame England for wishing to take every advantage she can of the rest of the world. If she desires to destroy the shipping of other nations in order that the shipping of England might prosper, of course, that is her national right; she can do that if she pleases. But, Mr. President, so far as I am concerned, I am determined to do everything I can to preserve American shipping, and I am not satisfied, on my part, to have a conference held which will seek to interfere with the domestic policy of our coun-

try. I protest against it. I think the country ought to know that efforts are being made to accomplish one of two things, either to have "trading material" for use in the conference, so that in the concession of certain items they have put into the agenda we may be induced to cancel the war debts, or else that a deliberate effort is being made to destroy American shipping through the operations of this forthcoming conference.

When the American people realize what efforts are being made by foreign statesmen to interfere with our national progress, it is my opinion that the country will be aroused. It ought to be aroused. Why, in Heaven's name, should Americans sit quietly in their homes while other nations are seeking to take away from them trade and commerce?

We have attempted in America to build up our American shipping and have done so to the extent that now about one-third of our products are carried in American bottoms; but, in spite of the development of American shipping, we carry only 4 per cent of the shipping of the world while England in her turn carries 60 per cent of her own commerce in British bottoms, and carries 45 per cent of the shipping of the world.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. KING. I wish the Senator would put into the Record the fact, however, that prior to the Civil War, when the Democrats had had control of this country for half a century or more, we carried between 83 and 87 per cent of all of our foreign trade in our bottoms, and that we were encroaching upon every other country, and our flag was found in every port wherever any other nation's flag was found and in many ports where other nations' flags were not found; but by unwise policies, subsidizing tariff policies, and so on, practiced by the Republican Party—and I do not want to be partisan—our shipping was largely driven from the seas.

I agree with the Senator that we should have a merchant marine; but I do believe that if we repeal many restrictive policies and adopt sound and rational measures, our flag will still continue to float upon the seven seas, and our ships will find entrance into every harbor of the world.

Mr. COPELAND. I think the Senator is partially, if not entirely, right. In the days of the old clipper ships, America did carry a tremendous proportion of the world's commerce; but through methods which I have been attempting to describe, by mail subventions and subsidies, and by other governmental aid of British shipping, in that certain officers in the merchant marine were paid through the naval appropriations, in those various ways England has built up her tremendous shipping. She has put millions into her great Cunarders. I do not happen to have at this moment the figures at my command; but, if I remember correctly, more than twelve and a half millions went into the building of two ships of the Cunard Line.

By one method and another British shipping has been developed until to-day England controls the seas. She has not viewed with complacency the development of our shipping. She has not been happy to see these great vessels launched as they have been since the Jones-White Act was passed. There can be no doubt that by the operation of that great measure there has been developed an American merchant marine which is now a real factor in the carriage of commerce, not only for our country but for the world.

But, Mr. President, these smart Englishmen—and I admire them for their smartness—are determined that the progress of American shipping shall stop; they believe that the American merchant marine has become too formidable; and so they are striving, originally by secret diplomacy and now by a direct effort in the coming economic conference, to tear down what we have spent so many millions to develop.

Mr. President, are the citizens of this country to disregard the machinations of other countries? Are we to sit silent while efforts are being made to destroy our shipping and to put us once more at the mercy of foreign bottoms? Think

what it means to the American manufacturer, what it means to agriculture in America, to have our own ships carry our products!

During the coal strike in England, when English bottoms were used to carry coal from the Continent to England because of the fact that their own mines were closed, American wheat was piled up everywhere in our country. The apples from the West and the Northwest, the fruits from New York and California, were without means of transport; and it was then that our Shipping Board took out from its reserve fleet and equipped vessels which made it possible to carry these American goods.

There are other times, however, different from that particular time, when we are wholly dependent upon our own resources. There are other times when we find out how uncomfortable it would be if we had no ships of our own. What would happen if a British ship had a cargo half British and half American and they were to go into a port in South America with a cargo of apples, we will say? Which part of that cargo would be unloaded first? You know perfectly well that it would be the British part, and that the market would be glutted before the American products were landed.

There can be no question that every industry in America has a direct interest in the American merchant marine. The merchant, the manufacturer, the farmer—all the citizens of America are interested.

Mr. President, those were some of the things which I had in my mind to say when we got into a parliamentary tangle. I have no desire to interfere with the debate on the Black resolution. I believe that under the administration of Mr. Farley, who is to be the Postmaster General, a careful study will be made of every mail contract. But I must say I am out of patience with our supineness, our willingness to submit to the encroachment upon our rights of the British or any other nation interested in shipping.

We want our shipping developed. We want our merchants and manufacturers and farmers to have American bottoms to carry these products; but we will not have them unless we are very alert during the next few weeks and watchful during the conversations with the brilliant foreign statesmen who are coming here, and in the proceedings of the economic conference. Unless we are alert, unless we recognize the danger and deal with it as we should, when that conference ends it will be like the ending of every other international gathering—that poor old Uncle Sam will have been robbed of all his possessions, or most of them.

Let us not put ourselves in the position of neglecting to protect American interests now and in the conference which will meet very soon.

Mr. SHORTRIDGE obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield for a quorum call? I promised at the conclusion of the speech of the Senator from New York to suggest the absence of a quorum.

Mr. SHORTRIDGE. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Keyes	Schall
Austin	Couzens	King	Schuyler
Bailey	Dale	La Follette	Sheppard
Bankhead	Dickinson	Lewis	Shortridge
Barbour	Dill	Logan	Smith
Barkley	Fess	Long	Smoot
Bingham	Fletcher	McGill	Steiwer
Black	Frazier	McKellar	Stephens
Blaine	George	McNary	Swanson
Borah	Glass	Metcalf	Thomas, Idaho
Bratton	Glenn	Moses	Thomas, Okla.
Brookhart	Goldsborough	Neely	Townsend
Broussard	Gore	Norbeck	Trammell
Bulkeley	Grammer	Norris	Tydings
Bulow	Hale	Nye	Vandenberg
Byrnes	Harrison	Oddie	Wagner
Capper	Hastings	Patterson	Walcott
Caraway	Hatfield	Pittman	Walsh, Mass.
Carey	Hayden	Reed	Watson
Clark	Hebert	Reynolds	Wheeler
Connally	Johnson	Robinson, Ark.	White
Coolidge	Kean	Robinson, Ind.	
Copeland	Kendrick	Russell	

The VICE PRESIDENT. Ninety Senators having answered to their names, there is a quorum present.

Mr. SHORTRIDGE. Mr. President, I ask that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that the committee amendments be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read the bill for action on the amendments.

The Chief Clerk proceeded to read the bill.

The first amendment of the committee was, on page 24, line 16, after the word "man," to strike out "or civil employee performing" and insert "detailed to the performance of," and in line 20, after the word "servant," to insert a comma and "or of any civil employee performing such work," so as to make the additional proviso read:

Provided further, That no appropriation contained in this act shall be available for the pay, allowances, or other expenses of any enlisted man detailed to the performance of service in the residence or quarters of an officer or officers on shore as a cook, waiter, or other work of a character performed by a household servant, or of any civil employee performing such work.

The amendment was agreed to.

The next amendment was, on page 27, line 4, before the word "of," to strike out "593,479" and insert "895,499," so as to read:

Transportation and recruiting of naval personnel: For mileage and actual and necessary expenses and per diem in lieu of subsistence as authorized by law to officers of the Navy while traveling under orders, including not to exceed \$2,000 for the expenses of attendance at home and abroad, upon meetings of technical, professional, scientific, and other similar organizations, when, in the judgment of the Secretary of the Navy, such attendance would be of benefit in the conduct of the work of the Navy Department; for mileage, at 5 cents per mile, to midshipmen entering the Naval Academy while proceeding from their homes to the Naval Academy for examination and appointment as midshipmen, and not more than \$2,500 shall be available for transportation of midshipmen, including reimbursement of traveling expenses while traveling under orders after appointment as midshipmen; for actual traveling expenses of female nurses; for travel allowance or for transportation and subsistence as authorized by law of enlisted men upon discharge; transportation of enlisted men and apprentice seamen and applicants for enlistment at home and abroad, with subsistence and transfers en route, or cash in lieu thereof; transportation to their homes, if residents of the United States, of enlisted men and apprentice seamen discharged on medical survey, with subsistence and transfers en route, or cash in lieu thereof; transportation of sick or insane enlisted men and apprentice seamen and insane supernumerary patients to hospitals, with subsistence and transfers en route, or cash in lieu thereof; apprehension and delivery of deserters and stragglers, and for railway guides and other expenses incident to transportation; expenses of recruiting for the naval service; rent of rendezvous and expenses of maintaining the same; advertising for and obtaining men and apprentice seamen; actual and necessary expenses in lieu of mileage to officers on duty with traveling recruiting parties; transportation of dependents of officers and enlisted men (not to exceed \$450,000); expenses of funeral escorts of naval personnel; actual expenses of officers and midshipmen while on shore-patrol duty, including the hire of automobiles when necessary for the use of shore-patrol detachments; in all, \$3,430,547, and not more than \$895,499 of such sum shall be available for travel by officers, midshipmen, and female nurses, of which latter sum \$150,000, or so much thereof as may be necessary, shall be available for travel by officers on inspection duty.

The amendment was agreed to.

The next amendment was, under the subhead "General expenses, Marine Corps," on page 45, line 20, after the word "exceed," to strike out "\$26,250" and insert "\$35,000," so as to read:

Not to exceed for transportation of troops and applicants for enlistment, including cash in lieu of ferrage and transfers en route; toilet kits for issue to recruits upon their first enlistment and other incidental expenses of the recruiting service; and including not to exceed \$35,000 for transportation for dependents of officers and enlisted men, \$381,250.

The amendment was agreed to.

Mr. SHORTRIDGE. Mr. President, the committee also reported an amendment suggested by the senior Senator from New York [Mr. COPELAND], which is found on page 22 of the bill.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 22, line 2, after the numerals "\$1,289,770," the committee report to strike out "(none of which shall be available for increased pay for making aerial flights by nonflying officers or observers except eight officers above the grade of lieutenant commander, to be selected by the Secretary of the Navy)," so as to read:

Pay of naval personnel: For pay and allowances prescribed by law of officers on sea duty and other duty, and officers on waiting orders (not to exceed 908 officers of the Medical Corps, 186 officers of the Dental Corps, 556 officers of the Supply Corps, 83 officers of the Chaplain Corps, 233 officers of the Construction Corps, 109 officers of the Civil Engineer Corps, and 1,461 warrant and commissioned warrant officers: *Provided,* That if the number of warrant and commissioned warrant officers and officers in any staff corps holding commission on July 1, 1933, is in excess of the number herein stipulated, such excess officers may be retained in the Navy until the number is reduced to the limitations imposed by this act), pay—\$27,786,490, including not to exceed \$1,289,770 for increased pay for making aerial flights.

Mr. SHORTRIDGE. Mr. President, that is an amendment suggested by the senior Senator from New York [Mr. COPELAND].

Mr. KING. Mr. President, let us have an explanation of the amendment. I think I understand that it is for the purpose of making naval doctors aviators and giving them increased pay. If I am in error, I shall be glad to be advised.

Mr. COPELAND. Mr. President, a certain amount of money is appropriated for aviation. So let me say in the beginning that the total amount of the appropriation will not be changed. Nor will there be any brake upon its being spent. In other words, the Treasury will not be affected one way or the other.

Senators know very well that the accidents which happen in aviation are due either to defects in the machine or defects in the pilot. Physical disabilities have everything to do with accidents in flying.

The doctors of the Army and Navy have been striving for years to reduce accidents due to physical disabilities on the part of pilots. The Army has no such restriction as was placed in this bill originally. When we strike out the language on page 22, lines 2 to 6, we leave the Navy on exactly the same plane with the Army.

So far as the commanding officer finds it wise to do so, it is desirable that he shall use physicians in order that they may have the practical experience of those who make flights, and that they may be prepared then to recommend other tests or higher standards of physical perfection, so that the accidents in the air may be lessened.

Senators know that the condition of the eyes, the visual power, the muscular power of the eyes, the readiness with which the eyes accommodate themselves to varying distances, are factors which are involved. Senators know that the condition of the internal ear, of the spirit levels of the ear, which have to do with our sense of orientation and space, is a very important factor. Senators also know that the rapidity of the nerve impulses is very important in getting immediate action in emergencies.

The purpose of the amendment is to make it possible for the commanding officer to assign doctors to do the flying instead of the laymen of the Navy, as he may see fit. So I am sure my friend the Senator from Utah will see that there is no effort being made to spend more money and that there is no opportunity to make a saving by rejecting the amendment. On the other hand, the safety of those in the Navy who are engaged in aviation and, by reason of what the doctors determine, the safety of other pilots in aviation will be promoted by the adoption of the amendment recommended by the committee.

Mr. KING. Mr. President, before the measure before us is passed, as undoubtedly it will be, I desire to submit a few observations dealing in a general way with the naval situation and the military expenditures of our Government. Before doing so I ask the indulgence of the Senate for a few moments while I avert to the matter discussed by the able Senator from Illinois a few moments ago.

For several years, and particularly of late, we have indulged in rather harsh criticism of European Governments, particularly Great Britain, France, and Italy. There have been attributed to them and other countries ambitions and purposes unfriendly to the United States; and I believe that not infrequently Americans have misinterpreted the attitude of those countries toward our Government. History reveals that people are prone to be critical of each other, and wars and international controversies arouse resentments which time alone can efface. It was the hope of all peoples that following the World War there would come peace, and that instrumentalities would be set up to determine disputes that might arise among nations.

Statesmen and humanitarians, rich and poor alike, hoped for a new day and believed that the League of Nations and the instrumentalities which it provided would contribute to world peace. Nearly all nations adhered to the league, and the machinery which it created to settle international controversies has been invoked upon a number of occasions for the adjustment of international controversies. There are those who believe that if all nations, particularly the United States, had entered the league, the course of the world would have been different, and disputes which have arisen would have been prevented, and conflicts which have taken place would have been avoided.

I do not find occasion to denounce leading European nations for their recent approaches to the United States for the purpose of adjusting international disputes which it was feared might culminate in war. I see nothing sinister in the suggestion that nations should cooperate in order to promote amity and good will and to use their good offices in averting belligerent activities.

The United States not many years ago was associated with European Nations in a great conflict. There was a joint association in a common cause, and the nationals of those nations so associated, as well as the Nations of the Central Powers, following the war, believed that the time had come when international difficulties should not be settled by the sword, but that there should be adopted by civilized nations an international code of laws under which and through which international disputes might be settled. The immortal Grotius gave to the world the form and the spirit of international law and laid the foundations of a structure upon which succeeding generations might erect a temple of justice within which nations might meet and, in an orderly way, adjudicate controversies.

It was believed by many that the League of Nations would prove a factor in developing broader and more comprehensive juridical principles, or at least judicial institutions which would be promotive of international peace. I perceive no impropriety in some of our former associates seeking to cooperate with our Government in the settlement of incipient conflicts which, if not arrested, may develop into serious international disturbances.

I can not believe that the able Senator or others are condemning the United States for having become a belligerent in the World War. Nor can I believe that the officials of our Government should be condemned for having in that great contest made common cause with the Allies in seeking a successful issue of the enterprise in which they were engaged. And, Mr. President, I can not find ground for criticism of the present administration in its efforts to prevent a serious conflagration in the Orient.

Long before the open-door policy was announced by an eminent American Secretary of State, the United States believed that it had interests in the Pacific, and that it would not look with complacency upon aggressive policies of other powers which would mutilate a great nation and close its doors to the trade and commerce of the American people. The open-door policy was not intended to be an act of hostility or unfriendliness to any nation or any people. Before and after the so-called Boxer troubles many Americans visited China, many engaged in business and in educational and missionary activities. Treaties were negotiated between the United States and China, and they were believed to be advantageous to the peoples of both Governments.

Our Government also entered into treaty relations with Japan and important commercial dealings developed. Both Japan and China were associated with the United States and the allied nations in the joint enterprise to which I have referred, and following the World War and in the peace treaties which were negotiated our Government urged that the rights of China should not be invaded or injured by any nation.

Later at the Washington conference in 1922 the United States, the British Empire, France, and Japan entered into a treaty with respect to their rights in the region of the Pacific Ocean. In that treaty it was declared that if there should develop between either of the contracting parties a—

Controversy arising out of any Pacific question and involving their rights which is not settled by diplomacy and is likely to effect the harmonious accord now happily existing between them, they shall invite the other contracting parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

They further agreed that in the event of any threatened action they would—

Communicate with one another fully and frankly to arrive at an understanding as to the most efficient measures to be taken jointly and separately to meet the exigencies of the particular situation.

This treaty called for cooperation, consultations, and joint action in matters affecting their interests in the Pacific.

Another treaty was entered into in 1922 known as the 9-power treaty. The high contracting parties to this treaty were the United States, the British Empire, France, Italy, Japan, the Netherlands, Belgium, and Portugal. It was declared that the—

Contracting parties desired to adopt a policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other powers upon the basis of equality and opportunity.

The signatories of the treaty agreed to—

Respect the sovereignty, the independence, and the territorial and administrative integrity of China, and to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government.

They further agreed to use their influence for the—

Purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China.

They also covenanted to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states. They further agreed that—

Whenever a situation arose which in the opinion of any one of them involves the application of the stipulations of the present treaty and renders desirable discussion of such application there shall be full and frank communication between the contracting powers concerned.

It was further agreed that in order that powers not signatory to the treaty were to be invited to adhere to the treaty, the United States was to make the necessary communications to such nonsignatory powers.

Senators will also recall the important part played by the United States in securing the general pact for the renunciation of war, commonly called the Kellogg-Briand pact. As I recall, more than 56 nations adhered to that treaty, among them most, if not all, of the European nations, also China and Japan. By that treaty the United States, and all other nations signatory to the pact, solemnly declared—

* * * that they condemn recourse to war for the solution of international controversies and renounce it as an instrument of national policy in their relations with one another. * * *

They further agreed—

That the settlement or solution of all disputes or conflicts of whatever nature or of whatever origin they may be, which may arise among them, shall never be sought except by pacific means.

Baron Tanaka, the Japanese Minister of Foreign Affairs, speaking for his Government, declared that—

The Government of Japan sympathize warmly with the high and beneficent aims of the proposal now made by the United States, which they take to imply the entire abolition of the institution

of war, and that they will be glad to render their most cordial cooperation toward the attainment of that end.

The representative of Japan further stated—

That the Japanese Government would be happy to collaborate with cordial good will in the discussions with the purpose of securing what they are persuaded is the common desire of all the peoples of the world, namely, the cessation of wars and the definite establishment among the nations of an era of permanent and universal peace.

These treaties, to which I have called attention, brought, or should have brought, the signatories thereto into closer relations, and imbued each and all of them with a desire to promote world peace and to prevent war. I think the proper interpretation of these treaties calls for consultation and conferences among the high contracting parties, with a view to averting conflicts and the removal of causes that would be provocative of animosities and belligerent activities.

It seems to me that it would not be in consonance with the letter and spirit of these treaties if and when clouds of distrust or suspicion arise or misunderstandings develop which threaten the peace and harmonious relations of any of the contracting parties, the signatories thereto took no step to meet the situation, and regarded with apathy and indifference movements that might eventuate in international controversies. Moreover it must not be forgotten that China and Japan and the European Nations, parties to the Versailles treaty, as well as other treaties, entered into obligations following the war which required them to settle their controversies without resort to war.

Articles 10, 11, 16, and others of the Versailles treaty contain covenants restrictive of war-like activities and military operations. Machinery was provided in the Versailles treaty to which resort was required to be made for the purpose of settling international disputes. Obligations rested upon officials and organizations created by the treaty to take immediate steps when international difficulties arose and the possibility of conflict and war developed to settle the same and thus prevent conflicts. Considering all these matters, it seems to me that the parties to these treaties to which I have referred were under solemn obligations to consult and confer together when there were manifestations of international disturbances or evidence of animosities and threatened conflicts that might result in disturbing the peace of the world.

The League of Nations took cognizance of the ominous clouds arising in the Orient. China and Japan were parties to the Versailles treaty, as well as to the 9-power treaty and the Kellogg-Briand pact. In my opinion, I think the officials of the League of Nations would have been derelict in their duty if they had declined or refused to take steps to prevent war between China and Japan.

Senators will recall that a commission of inquiry was appointed, upon an appeal by the representatives of the Chinese Government to the secretary general of the league, asking that the Secretary bring to the attention of the council the dispute between China and Japan. The appeal also requested that under article 11 of the covenant of the league, steps be taken to prevent the development of a situation endangering the peace of nations. Pursuant to this appeal a commission was appointed with the approval of both Governments. A member of this commission was Maj. Gen. Frank R. McCoy, of the United States. This commission of inquiry visited Manchuria, China, and Japan and submitted a report which is known as the Lytton report. Lord Lytton, as Senators know, was chairman of the commission.

It is not my purpose to discuss the merits of the controversy between China and Japan, although it is relevant to the matter which I am discussing, to state that the Lytton report finds Japan to be the aggressor in the Manchurian episode. For a number of months there have been armed conflicts between China and Japan in Manchuria and along the Great Wall of China. Japan is now engaged in a struggle to expel Chinese authority from the so-called Province of Jehol, contending that it is a part of Manchuria and subject to the control and authority of the so-called

Manchukuo government. China is resisting the military advances of Japan, and contends that both Jehol and Manchuria are Chinese territory.

The point I am attempting to make is that there is a conflict between these two Nations, parties to the Versailles treaty, the 9-power treaty, and the Kellogg-Briand pact. In view of this situation the League of Nations was under obligation to investigate the causes of the dispute and the reasons for the military activities and to attempt to settle the dispute between China and Japan by pacific means. The league conceived it to be its duty to call the attention of Japan to the provisions of the Versailles treaty and to require of Japan, as well as China, that they avail themselves of the instrumentalities provided by the league to settle their disputes and to refrain from engaging in war. In view of the fact that a number of the members of the league were also parties to the 9-power treaty, to which the United States was a party, it was eminently proper that the officials of the league should seek to cooperate with the United States for the purpose of preventing war between China and Japan. And I beg to say that, in my view, our Government not only acted prudently but wisely in its cooperative efforts with members of the league in calling Japan's attention to its obligations under treaties to which it and China were parties.

The League of Nations was interested in preserving peace and a duty rested upon it to avail itself of the provisions of the Versailles treaty to accomplish that result. The United States also, aside from its desire for world peace, was interested or should be interested in having the provisions of the Kellogg-Briand pact and the 9-power treaty observed.

In my opinion the policy pursued by President Hoover and Secretary Stimson in dealing with the Sino-Japanese question is sound and is to be commended. Aside from the two treaties to which our Government was a party, the United States is interested, as I have stated, in maintaining the open-door policy and in the protection of the rights of American citizens in that far-off land. Our Government is interested or should be interested in maintaining the letter and the spirit of the Kellogg-Briand pact and in attempting to infuse into international relations the spirit and philosophy of that important international treaty.

Secretary Stimson more than a year ago announced a doctrine to the effect that our Government would not recognize any situation, treaty, or arrangement brought about by means contrary to the Kellogg-Briand pact. That policy I know has been vigorously assailed and bitterly condemned by some, but it seems to me that in view of the important part taken by the United States in securing the Kellogg-Briand treaty, there is an obligation resting upon our Government to earnestly urge that the letter and spirit of the same be observed. That course does not mean that the United States should engage in war, but when signatories to that treaty resort to war in contravention of its terms, there is not only no impropriety, but indeed, as I see the situation, there is an obligation upon the signatories to the pact who are not violating its terms, to challenge the attention of those nations which it is alleged are doing so, and to urge that war having been renounced as a national policy, that disputes and controversies between disputing nations should be settled by pacific means.

It is no argument against the wisdom of the policy of the administration that its efforts to prevent a conflagration in the Orient have not been attended with the success which those who love peace and desire justice wish; but sooner or later, Mr. President, nations will learn that treaties may not be violated with impunity, and that temporary triumphs will have permanent disadvantages, and in the end justice and moral forces will ultimately dominate and prevail.

Mr. President, I now address myself to the naval bill which is under consideration. As I have indicated, this measure will promptly pass the Senate. No opposition to its passage will be effective. The situation in the Orient is used as an argument in favor of large appropriations for the Army and Navy. Strident cries are heard for what is called a "big Navy" and larger appropriations are asked for the protec-

tion of our country, although no one believes the United States is menaced by any danger from invasion.

I have, upon a number of occasions, stated that the position of the United States makes it invulnerable to any attack either by land or by sea. Because of the strategic position of the United States, its immunity from attack, its prestige and power in the world, it should carry high the banner for world peace and reduction in armaments. A powerful nation, free from military ambitions or imperialistic designs, should take the lead in every movement for world peace, for international cooperation, and for the establishment of just and humane policies to guide the nations in their international relations.

This world ought not to be condemned forever to tread the bloody paths of war. With our philosophy and science and religious and spiritual concepts, there should be developed a force and power adequate to overcome the sinister and atavistic forces which have wrought such sorrow and devastation in the world.

Professor Giddings has suggested that there has been a portentous question, "Is it peace or is it war?" and Professor Wiggam has stated that if we should write upon the cover of every book, before the entrance to every school and church, before the door of every home and the cradle of every babe this black and terrifying question, "Is it peace or is it war?" you describe the precise situation of the human species on this globe.

I do not agree with the views of many of the so-called biologists that man, like wild animals, love war and must die tragic deaths. I can not believe that the civilizing forces which are entering into the arid lives of men and nations will not yield important results and produce races and peoples who will develop the arts of peace and advance to a high plane of moral and spiritual exultation.

What is needed to-day is a will to peace, not a will to war. The day of Nietzsche's philosophy must pass away and a new day illumined by a sublime faith that a Divine Providence rules in this world, and that the future has rich rewards for those who seek justice and righteousness and the unity and peace of the world.

I regret the efforts made by some to secure enormous appropriations greatly in excess of the needs of our country for military preparations. The economic situation calls for economy in State as well as in Federal Governments. Both political parties have pledged themselves to important reductions in governmental expenditures. Unfortunately there seems to be an indifference upon the part of representatives of both political parties to respond to pledges made. Daily measures are passed carrying enormous appropriations regardless of the condition of the Treasury or the promises for economies that have been made. There is much concern among thoughtful persons as to the results of extravagant and profligate expenditures. It is apparent that we may not continue these stupendous appropriations without reactions of a most unfavorable character. It would be a calamity, the full consequences of which can not be fully understood, if our Government, as well as State governments, should destroy the credits of the respective governments as a result of increased deficits flowing from enlarged expenditures.

Upon several occasions I have referred to the mounting costs of government and the increased appropriations in State and National Governments. The credit of the United States will be impaired if there shall be a continuation of expenditures without adequate steps to obtain revenues to meet expenditures. There may be, of course, capital investments which may be properly passed on to the next generation, but wisdom dictates prudence in taxation and caution and prudence in Government expenditures.

In my opinion the expenses since the war for military activities have been entirely too large. I might add that in 1914 the appropriations for the War Department were \$194,000,000 and for the Navy \$144,000,000. During the war, of course, the appropriations for the Army and the Navy were materially increased, but after the war there should have been a return to peace-time military expenditures; but in 1923 the appropriations for the Army and the Navy aggregated

\$660,533,000, and in 1924 more than \$620,000,000; in 1925 the appropriations for the Army and Navy totaled \$680,000,000, and in 1926, \$689,000,000. In 1927 the Army and Navy appropriations totaled \$693,000,000, while in 1928 the amount was approximately \$700,000,000. In 1929 the total appropriations for the Army and Navy amounted to \$861,525,000. Then, as now, we were at peace with all the world and, as I have indicated, we had no enemies and were menaced by no foe.

In 1930, 1931, and 1932 these high levels of appropriation were maintained. In 1933 there was a slight reduction. The bill before us carries \$327,583,000 for the Navy for the next fiscal year. Our military expenses, Mr. President, since the war have exceeded those of any other nation. My recollection is that for each of the years since the war our military expenditures have exceeded by some one hundred to two hundred million dollars those of any other nation in the world. In 1931 Great Britain's total appropriations for her military establishment was \$535,000,000, Japan's \$232,000,000, France's \$455,000,000, Italy's \$259,000,000, Germany's \$170,000,000, and Soviet Russia's \$579,000,000.

Mr. FESS. Mr. President—

The PRESIDING OFFICER (Mr. BROOKHART in the chair). Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. I yield.

Mr. FESS. That statement is a statement of fact, that it costs us more. But does that mean we have a larger personnel in the Navy or is it because we pay our personnel more?

Mr. KING. My recollection is that the personnel of Great Britain's navy is substantially the same as that of the United States. It is true that the pay of those in our Navy is greater than that of any other navy, but an examination of the appropriation bills for any number of years will demonstrate that a very large part of the naval appropriations are for purposes other than the payment of men in the service. There are approximately 30,000 civilian employees in the Navy, a number greatly in excess of any legitimate need. Millions of dollars are expended in maintaining unnecessary yards and docks and stations and naval bases. The overhead of the Navy Department, as well as of the War Department, consumes a very large percentage of the total appropriation. As the Senator knows, we have scores of Army posts and stations, the expenses of which are very great. There are duplications in the activities of the Army and the Navy which result in unnecessary expenses. As a matter of fact, Mr. President, if we had one department of national defense, combining the Army and the Navy, we would save tens of millions of dollars annually and make for efficiency and effectiveness in peace times, as well as in war times.

I have upon several occasions introduced bills providing for the reorganization of the Army and the Navy and the consolidation of our so-called national defense. I should add that naval boards have recommended from time to time the abandonment of some of those extraneous and parasitic naval organizations. Recommendations have been made that a number of navy yards should be abandoned and branches of the service, unnecessary and extensive, either consolidated or abolished. But the people living where these yards and bases and parasitic growths are found protest with great vigor, and Congress overrules the Navy Department and perpetuates these excrescences which are such a burden upon the Treasury of the United States.

Mr. FESS. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. I yield.

Mr. FESS. I recognize that statement is also correct, and it is also true with respect to Army posts. It has been recommended over and over again, and yet we never do it. I am in sympathy with cutting down expenses. I wonder where we can cut in either the Army or the Navy and do it safely? That is what is disturbing me to-day.

Mr. KING. Many economies could be effected in all branches of the Government and tens of millions of dollars

annually saved without interfering with the efficiency of the Government. I shall not take the time of the Senate to analyze the provisions of the bill and point out where, in my opinion, savings might be effected. I have, however, examined for years the naval appropriation bills, as well as other provisions calling for appropriations, and have sincerely believed that the appropriations for the Navy since the war have been from fifty to one hundred million dollars annually in excess of what was necessary.

Mr. FESS. If the Senator will permit, while I have sympathy with what he is saying, I think he would agree with me that under the state of the world mind to-day it would not be very safe to reduce the Navy personnel or its equipment.

Mr. KING. I do not accept without qualification the generalization of my friend. As I have stated, Mr. President, the will to peace is necessary now, and the United States, because of its power and prestige and its superior financial strength, should take the lead in every movement for the reduction of military armaments. If the United States were a weak Nation; if it were beset by enemies; if its territory was an invitation to invasion from hostile enemies, then a different situation would be presented.

Our geographical position is different from that of France or Germany or Poland or Great Britain or Japan. France has been invaded by powerful foes and her people with or without reason are not free from fear of further invasions. I believe that most of the peoples of the world desire not only limitations of armaments but a reduction of military force almost to the limit of a police force. I do not believe that our country should disarm. Upon the contrary, I believe that we should have an up-to-date modern and scientific navy and that we should have an effective but small Army. Only a few years ago our Army consisted of 25,000 men and our naval expenditures were from one hundred to one hundred and forty million dollars annually. Now, as I have indicated our military expenditures are between seven and eight hundred million dollars annually, and under the terms of the London treaty negotiated by this administration we are authorized to expend (and many insist that we should live up to the authorization) approximately \$1,000,000,000 for new naval craft before the end of 1936. In my opinion there are too many militarists in the United States; too many who are interested in military and naval propaganda.

I am inclined to believe that the manufacturers of munitions and ordnance and of all weapons and paraphernalia of war are not silent in these days, but welcome large appropriations in order that they may have contracts for the manufacture of war material. And there are those who, when a little cloud appears on the horizon, though it may be upon the other side of the globe, insist that our country is in danger, that the foe is at our door, and that hundreds of millions of dollars must be quickly expended in military preparations.

Mr. President, we should exert all the influence our country possesses to bring about a limitation of armaments and to excise from the hearts of men the fears, the jealousies, and apprehensions—and perhaps ambitions—with which they may be afflicted.

I admit the implication flowing from the Senator's question that the situation in the Orient is unsatisfactory. I admit that Japan is pursuing a course not generally approved in this and in other countries, and a course which many fear may start an oriental conflagration, the extent and consequences of which may not be foreseen.

Mr. FESS. Mr. President, will the Senator yield further?

Mr. KING. I yield.

Mr. FESS. Keeping in mind the efforts which were put forth to keep out of the World War—and no President ever worked harder than President Wilson did to avoid it—yet we went in, and I think we did a good thing. There is a possibility, I think, that such circumstances might arise in spite of all we can do, that with all our hatred for war and the determination never to go into war, we might be involved in spite of ourselves like we were in the World War.

Mr. KING. Mr. President, I admit there is a possibility of an international conflict of such magnitude as that the United States might be drawn within the periphery of its influence, but I do not perceive that the oriental situation is fraught with the same difficulties, dangers, or problems that confronted the United States and other nations between 1914 and 1918. I do contend, however, Mr. President, that extensive propaganda in the United States for large military expenditures has a profound psychological effect, and is calculated to arouse animosities, fears, and resentments. The talk of war is like a firebrand thrown among the nations. The United States occupies a position of leadership, and its influence should be exerted to promote peace in the interest of world fellowship. We should conjure other nations to reduce their armaments; to observe with fidelity treaties which have been entered into.

Some will say that this is not the rôle which we should assume; that in so doing we are enmeshing ourselves in the affairs of other nations. I do not subscribe to this view, and repeat that in the confused and bewildered situation, largely resulting from the economic depression, leadership is needed and a call of the world to peace is far more necessary to-day than appeals for enormous appropriations for war. Senators will remember but a short time ago the President of the United States delivered a number of powerful addresses in which he directed attention to the enormous military burdens upon this and other countries. In eloquent terms he asked the nations that steps be taken to reduce armaments in the interest of world peace and to lift from the people burdens too heavy for them to bear. The Navy League, that vociferous and belligerent organization, charged the President with abysmal ignorance and employed the occasion to convince the people that our Navy was wholly inadequate for the safety of our country.

Mr. President, it is an annual occurrence when appropriation bills are to be prepared for the press of the country to be flooded with propaganda calculated to alarm the people because of the alleged inferiority of our naval establishment as compared with those of other great powers. In my opinion these statements come from the Navy League, retired admirals, from some members of the National Legislature, and from press rooms of the Navy League itself. The situation is now pictured by some of these same propagandists as more alarming than before and statements are widely disseminated that the Navy is far below the established limits of the London naval treaty and will, in the near future, rank fourth or fifth among the great naval powers. These statements, it appears, are given official sanction by the Committee on Naval Affairs of the Senate through the medium of a document entitled "Navies of the World, Comparative Statistical Data," and another statement appearing in the House committee hearings of 1932. These statements, in my judgment, are calculated to create an erroneous opinion as to the strength of our Navy in comparison with the navies of the world.

The figures and tables in the document referred to are furnished by the Navy Department and are presumably so arranged as to bring every particle of pertinent information relating to the present and future strength of the five naval powers in ships, tonnage, personnel, and expenditures into relief for the benefit of Senators and laymen who have not the facilities of gathering data on these technical points. The public has a right to demand not only accurate information but an unbiased presentation of the facts, free from the taint of propaganda. The manner in which the data are presented, however, leads one to the conviction that they have been prepared for the purpose of showing the strongest possible case for a large building program. The document is designed to show that our Navy to-day is greatly inferior to the British Navy and barely on a par with the navy of Japan. It is designed to show, further, that by 1936, when the Washington-London naval treaties expire, the United States will be fourth or fifth among the naval powers of the world, far behind Great Britain and Japan, and inferior even to the French fleet. These conclusions

are not borne out by a careful analysis of all the information available. They can only be established by the misuse of statistics, by the suppression of vital facts, and by the rigid application of age limits adopted in the Washington and London treaties, without reference to pertinent, necessary, and qualifying factors.

Table IV of the document to which I have referred purports to show the vessels under age on December 31, 1936, provided vessels now building and those appropriated for are completed. It shows the United States with only 60 vessels of all types and a total tonnage of 346,720, as compared with 130 vessels for the British Empire, 151 for Japan, 159 for France, and 121 for Italy. In total tonnage the United States, according to these figures will be slightly inferior to France and somewhat stronger than Italy. These statistics and tables are, in my opinion, inaccurate and misleading.

For instance, take capital ships. Let us examine carefully the figures for the United States in this table. The first obvious distortion is the complete omission of all battleships in the table submitted. On December 31, 1936, according to the figures thus presented, the United States will not have a single battleship under the age limit agreed upon in the Washington and London treaties. In those treaties the principal naval powers agreed to fix the age limit for capital ships at 20 years. At the present time the United States has a total of 15 capital ships of 455,400 tons. Eight of these capital ships, built between 1917 and 1923 and having a total tonnage of 251,600, will still be under the 20-year age limit on December 31, 1936.

Mr. President, I invite attention to another significant fact. At a naval conference held a short time ago Grandi, speaking for Italy, suggested the abolition of battleships, and, as I recall, submarines. My recollection is that France associated herself with Italy in that proposal, and Mr. MacDonald, speaking for Great Britain, indicated that his government would favor the abolition of submarines and a material reduction in the number of battleships. Furthermore, Great Britain suggested that the life of battleships should be prolonged for 25 or 30 years and that if future battleships were constructed they should not exceed 25,000 tons.

Mr. REED. Mr. President, will the Senator permit an interruption?

Mr. KING. Yes.

Mr. REED. I am sure the Senator does not want to state the case incorrectly. It is true that Italy and France, having no battleships, propose that the other nations should abolish theirs. It is also true that Italy proposed the abolition of submarines, and that Great Britain and the United States joined with her in that suggestion, but it was resisted and defeated by France and Japan.

Mr. KING. My memory may be at fault, but I have a few documents with me which support the statement I have made. I know that in one of the preparatory naval conferences the position of Great Britain, France, and Italy was as I have indicated. I ask permission to insert in the RECORD at this point a few statements made by representatives of some of the governments to which I have referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KING. A press summary which was published as an official white paper by the British Government is as follows:

The Government proposed that the number of capital ships for each signatory fixed by the Washington treaty should be reached within 18 months of the ratification of the treaty resulting from this conference instead of by 1936. It proposes that no replacement of existing ships should take place before the next conference in 1935 and that in the meantime the whole question of capital ships should be the subject of negotiation between the powers concerned. The Government will press for reduction, though, of course, without disturbing the Washington equilibrium. Its experts favor a reduction in size from 35,000 tons to 25,000 tons and of guns from 16 inches to 12 inches. They also favor a lengthening of the age from 20 to 26 years. The Government hopes that there will be an exchange of views on this subject during the conference. Indeed, it would wish to see an agreement by which battleships will in due time disappear altogether, as it con-

siders them a very doubtful proposition in view of their size and cost and of the development of the efficacy of air and submarine attack.

At the second plenary meeting of the Twelfth Ordinary Session of the Assembly of the League of Nations, on September 8, 1931, M. Dino Grandi stated, speaking for Italy, that:

* * * Disarmament and arbitration, the rejection of all solutions based on force, and the relative equalizing of the military strength of states at the lowest possible level—that is not just a theory or dogmatic assertion. It lies at the root of the system which the league covenant has evolved with a view to the reduction of armaments; it corresponds essentially to real and pressing demands. Indeed, there is no problem of security distinct from disarmament and arbitration. * * *

He referred to the period preceding the war and later to the principle of conciliation and arbitration, the establishment of the Hague Tribunal and treaties based on the same principle as against the policy of armaments, and then added:

When we look back on those tragic happenings, we can hardly be surprised that our nations, which have barely emerged from a war, the consequence of which are still crippling them, should refuse to regard international justice as an adequate safeguard for the future.

Nor can we be surprised if the nations ask that international justice shall be safeguarded from the dangers attendant upon a policy of armaments. The covenant imposes upon us the duty of disarming, but the covenant does not possess the only claim to our consideration; there exist other claims, vaster still.

For the last 20 years Europe has been in a permanent state of unrest. Wars and revolutions have succeeded one another, the deaths must be reckoned in millions, national systems of economy have been overturned, and the working classes are without employment.

Our civilization has been periodically saved in different directions by the genius of a few men and by the power of resistance and the spirit of sacrifice of the peoples, but the time has come to make a collective and concrete effort in the defense of our common heritage.

We have had further proof during the last few months of the need for closer cooperation between nations, and—what is more important—there has been cooperation between the nations which only a short time ago were in armed conflict with one another. They have settled their differences and decided to cooperate in the defense of our common civilization.

Fresh possibilities have been opened up by the negotiations between those countries, which do not differ in any respect from those envisaged by the league. All these means lead to the same common goal. In any case, work is being done, ideas are being clarified, and—let us be frank—the interests served by international solidarity are being proclaimed and defined. Our business now is to organize, to safeguard, and to clear the way, and that we can not do so long as our efforts at collective organization are paralyzed by the race for armaments.

In my Government's view disarmament is the starting point of many things; the putting into execution of the system of security and peace created by the covenant, the establishment of greater confidence between states, and the reestablishment of laws of economic integration which have suffered such ruthless violation.

That is the most urgent item in the league's program; that is the task most closely in keeping with the league's essential purpose.

The disarmament conference has been convened and will begin work on February 2. My observations may therefore appear superfluous; indeed, I hope that they will prove so. Naturally, they do not refer to the convening of the conference, but to the policy that may be adopted by the governments represented there, to the ideas they may bring to it, and to the methods they intend to follow. Now is the time for courage, moderation, and above all, common sense. Each one of us must realize the difficulties of the others, must state his own requirements frankly, limiting them to what is really essential, and must reduce his armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations, within the meaning of article 8 of the covenant. * * *

Again M. Dino Grandi, representing Italy, submitted an advanced program, one which, if adopted, will crown the conference with success. He said:

* * * My country, for its part, is therefore ready to accept an organic plan of quantitative limitations comprising:

In respect of naval armaments:

1. The simultaneous abolition of capital ships and submarines.
2. The abolition of aircraft carriers.

In respect of land armaments:

1. The abolition of heavy artillery of all kinds.
2. The abolition of tanks of all kinds.

In respect of air armaments:

1. The abolition of bombing aircraft.

In general:

1. The abolition of all kinds of aggressive means of chemical and bacteriological warfare.

2. The revision of the laws of war so as to insure a more complete and effective protection of civilian populations.

I do not think it necessary to draw your attention to the fact that when once we have come to an agreement for the abolition of certain weapons of war which are the most powerful and the most deadly we should not only have taken a great step forward in the direction of disarmament but we should also be in a position to come more easily and more rapidly to an agreement on the quantitative reduction and limitation of other forms of armaments. * * *

I regret that I do not have a number of other statements with me which more fully indicate the position of Italy, France, Great Britain, and Japan as their positions were made known at the London conference and at some of the preparatory naval conferences to which I have referred. I do have with me, however, a statement made by Litvinov, speaking for the Soviet Government. He submitted the following program as a contribution of his Government to a policy of world disarmament:

* * * The only infallible way to the solution of the problem of the organization of peace, the problem of the averting of war, the problem of assuring security to all nations, is general and total disarmament.

The idea of total disarmament is distinguished from all other plans by its simplicity and by the ease with which it could be carried out and with which its realization could be controlled. Identical security and equality of conditions for all countries could only be arrived at by means of total disarmament. The soviet delegation has by no means come here merely to put before you yet another time its proposal for total and general disarmament, or to declare that we are determined to have complete disarmament or none at all. We have no illusions whatsoever as to the fate in store for our proposition. Our delegation is ready to discuss with you any proposals tending to reduce armaments; and the further such reduction goes the more readily will the soviet delegation take part in the work of the conference. Considering the draft convention drawn up by the preparatory commission, altogether inadequate, the soviet delegation will advocate here its own draft for the reduction of armaments, which, however, it regards merely as the first step toward total disarmament.

I would remind the conference that the soviet delegation was the first to propose, in its second draft convention put before the preparatory commission, the complete destruction of the most aggressive types of armaments, including:

1. Tanks and superheavy long-range artillery.
2. Ships of upward of 10,000 tons displacement.
3. Naval artillery of over 12-inch caliber.
4. Aircraft carriers.
5. Military dirigibles.
6. Heavy bombing planes, all stock of air bombs, and any other means of destruction for use from airplanes.
7. All means and apparatus for chemical, incendiary, and bacteriological warfare.

The soviet delegation proposed the complete prohibition of air bombing and not only beyond the limits of a definite area. It also proposed not merely to refrain from chemical warfare but actually from preparing for it in time of peace.

All these proposals remain in full force for the present conference.

I am empowered to declare here the readiness of the Soviet Union to disarm to the same extent and at the same rate to which the other powers may agree.

Unfortunately this proposal, as well as others submitted by him, were treated with more or less disdain by the representatives of other nations. In my opinion, our Government did not take the progressive stand for limitation of armaments, which would lead the world to disarmament, that its commanding position required.

Mr. President, I now call attention to the 12 capital ships built between 1917 and 1923, with a total tonnage of 251,600, which are under the 20-year age limit; they are the *Mississippi*, the *New Mexico*, the *Idaho*, the *Tennessee*, the *California*, the *Maryland*, the *West Virginia*, the *Colorado*. The newest of these, the *Colorado* and the *West Virginia*, will not reach the 20-year age limit until 1943, six years after the expiration of the London treaty. The others will reach the 20-year age limit between 1937 and 1941. What possible reason is there for not including these eight ships in this misleading table of vessels under age on December 31, 1936? Their inclusion in this table would add 251,600 tons to the total strength of the American Fleet. But for some purpose those figures were omitted, and there is presented to the

American people a false picture in regard to the strength of the Navy.

The other seven capital ships now included in the American Fleet will reach the arbitrary 20-year age limit between now and the end of 1936. Technically, therefore, these ships will be "under age" at the end of 1936; but there is another very important factor which this document does not mention.

During the last few years Congress has appropriated \$67,159,000 for the modernization of these seven ships and for six other battleships, and I see in the bill before us a large appropriation for modernization of battleships. Incidentally, three of these other ships, modernized at a cost of \$9,000,000, were scrapped or demilitarized under the London treaty. Beginning in 1923 the Navy Department began the study of modernization. As a result of this study a policy was established involving modernization of 13 of the 15 battleships in the fleet. Congress was told that this program, costing millions of dollars, was essential if the battleships in the fleet are to be kept efficient and up to date. Congress approved this program, and between 1925 and 1932 they appropriated approximately \$80,000,000 for so-called modernization.

What was the purpose of this modernization? One purpose was obviously to add to the length of life of the ships. This whole question was explored by the House Subcommittee on Naval Appropriations in the Navy Department bill for 1932. Admiral Rock, Chief of the Bureau of Construction and Repair, testified before this committee that the modernization work would add from 10 to 15 years to the life of these vessels. Let me quote Admiral Rock's own words to the committee:

I think—

He said—

the added length of life would be largely a military matter. I think the life of the matériel would be increased from 10 to 15 years * * * it will actually add to the life some 12 to 15 years, besides bringing them quite up to date from every angle. (Navy Department appropriation bill for 1932. Hearings before the subcommittee of House Committee on Appropriations, p. 570.)

What does this testimony mean? It means, in the opinion of the technical experts of the Navy Department, that these ships which are listed as "obsolete"—for misleading purposes, I insist—will actually be efficient and up to date for another 12 to 15 years.

May I add at this point, Mr. President—quoting from memory only—a statement made by Mr. Hector Bywater, one of the great naval experts of the world, that our battleships, ship for ship and gun for gun, are superior to those of any other nation, and that by reason of our ships being oil burners, and many of them having heavier guns, we have a fleet equal to that of any other nation.

Obviously, with the oil burner's greater speed, our ships have an advantage over those that are slower and are coal burners; and Mr. Bywater calls attention to the great disparity in the speed of the ships, crediting to our Navy greater speed and therefore another factor of superiority.

Returning to what I was just observing, Mr. President, this testimony means that these ships will be included in the fleet for this length of time. The Navy Department, as we know, is opposed to abolishing battleships, which they still regard as the core of the fleet. The Navy Department has steadily refused to consider proposals for abolishing battleships at the recent international conferences. But if they are going to retain these ships, and if they are constantly asking Congress for money to modernize them, what valid reason have they for not including them in the table showing the strength of the American fleet?

In the strength of the American Navy on December 31, 1936, therefore, we are certainly justified in including all of the 15 battleships on the lists to-day. The total tonnage of these ships is 455,400 tons—more than the total tonnage of all the vessels under age given in the document published by the Naval Committee. The failure to mention capital ships is certainly more than a minor omission; it is a deliberate suppression of the facts.

DESTROYERS

A similar analysis of the destroyer figures likewise reveals certain important omissions. According to Table IV the United States will have only 11 destroyers under the age limit fixed by the London treaty, on December 31, 1936. These are the vessels authorized a year or so ago, eight of which are now building. Now, in the London treaty the principal naval powers agreed to limit the age of destroyers laid down after 1919 to 16 years and those laid down before 1920 to 12 years. At the present time the United States has a larger number of destroyers than any other naval power—254 ships, totaling 270,910 tons. It is true that these ships were built during the World War or shortly after the armistice—a number of them, I might add, after the armistice—and that all of them will be over the technical age limit fixed in the London treaty.

Nevertheless, it is certainly a distortion of the truth to say that these vessels will be utterly useless in 1936. In the first place, no less than 97 of these destroyers were laid down after the armistice and completed between 1919 and 1922. I may add, from my own knowledge of the situation at that time, being then a member of the Naval Affairs Committee, that we had all the benefits obtained from German construction of submarines as well as Great Britain's work in that direction. That is true of the other ships that we constructed; and the naval craft laid down by the United States between the dates referred to were superior, I think, to any in the same categories of any of the other naval powers.

These 97 destroyers cost \$181,000,000. They were not built in a few months, as were some of those rushed through during the World War. Practically all of them will be under 16 years of age in 1936. They have not been subjected to hard use since they were completed; a majority of them have not seen more than four or five years' service. While it is doubtless true that in design and equipment they are not comparable to the very latest modern destroyers, the fact remains that they do represent an important element in our fleet strength, and that they have been kept in condition for future use in case of emergency.

More important than this, however, 57 of our destroyers were reconditioned in 1930 at the urgent request of the Navy Department and at a cost of approximately \$4,000,000. At the time these vessels were revamped both Admiral Rock and Admiral Hughes testified before the House Appropriations Committee that the efficient life of these ships would be extended by about 10 years. They did not say, of course, that their efficiency would be equal to that of new ships, but they did testify that their length of life in many respects would be greatly increased. Obviously, Congress would not appropriate \$4,000,000 for the revamping of these destroyers if they thought that they would be useless within a few months. Admiral Rock and Admiral Hughes were quite emphatic in stating that the reconditioning would make these vessels efficient for an additional period of years. If we accept their estimate of 10 years and add it to the life of these destroyers, we will actually have at least 57 destroyers in addition to the 11 now authorized which will be efficient for combat use well beyond 1936. As a matter of fact, they will be efficient at least until 1940. The failure to mention these destroyers, like the failure to mention battleships, is certainly more than a minor omission. It is certainly fair to include at least these 57 vessels, with a tonnage of approximately 60,000 tons, to the effective strength of the American Navy in 1936.

It would be possible also to comment on the submarine strength of the American Navy in 1936, as shown in the table published by the Naval Affairs Committee, and to show that a large number of the submarines built since the war will still be fairly efficient after 1936. For example, no less than 40 submarines have been completed since 1922. As the age limit for submarines was fixed at only 13 years in the London treaty, however, the Committee on Naval Affairs is technically correct when it states that only 20 vessels with a total of 27,000 tons will be "under age" on December 31, 1936.

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To sum up this analysis of our strength in 1936, it is quite apparent that the United States Fleet will not actually be as weak as the table submitted by the Naval Affairs Committee would indicate. In fact, if battleships which have been modernized or which are still under age in 1936 are included, and if the 57 destroyers which have been revamped are also included, the total tonnage of the American Fleet is more than twice as large as that shown in the table. The difference is clearly shown by the following comparison:

Vessels modernized or reconditioned and vessels under age on December 31, 1936

Category	Number	Tons
Capital ships.....	15	455,400
Aircraft carriers.....	3	79,800
Cruisers A.....	16	152,850
Cruisers B.....	10	70,500
Destroyers (reconditioned).....	57	60,000
Destroyers (under age).....	11	16,500
Submarines.....	20	27,070
Total.....	112	862,120

¹ 2 additional authorized but not appropriated for and under terms of treaty may not be completed until 1937 and 1938.

² Approximately.

Mr. President, referring to the 57 destroyers mentioned in the above table, I desire to say that those have all been reconditioned, and in addition there are scores that have not been reconditioned, but many of which are available for service for several years.

These figures are exceedingly conservative. Naval vessels do not suddenly become useless or obsolete at the moment they reach a certain arbitrary age. And in case of necessity the United States will still have on the 31st day of December, 1936, a substantial additional tonnage in destroyers and submarines capable of putting to sea and performing useful functions. Nor is the comparison with other nations as alarming as the table of the Naval Affairs Committee would lead us to believe. In capital ships we will be the equal of Great Britain and superior to Japan; in 8-inch-gun cruisers, we will have a larger number and a larger tonnage than Great Britain.

We will have 16 of these cruisers, as compared with 12 for Japan and 7 for France and Italy. In 6-inch-gun cruisers we will be slightly inferior to both Great Britain and Japan. In destroyers, counting only the 57 reconditioned vessels, we will be the equal of Great Britain and Japan. In submarines we will be slightly inferior to Great Britain and considerably inferior to Japan and France, who have concentrated in ships of this category. For defensive purposes the American Fleet will, in fact, be superior to any other navy in our own home waters. But a navy built to the top limits of the London naval treaty will not be sufficient to permit a naval campaign in the Far East. By renouncing our right to build up and fortify new naval bases in the Pacific, at the Washington conference, the United States definitely renounced the possibility of an aggressive war against Japan. The United States has renounced any imperialistic ambition in the Far East. That ambition, if it ever existed, was finally renounced at the Washington conference, when we agreed to a limitation of navies which makes it impossible to exert naval power in Asiatic waters. If we want to repudiate that policy, the Washington and London naval treaty levels will be entirely inadequate, and we will have to prepare ourselves for a naval race more intensive and far more dangerous than any naval race in history.

In submarines we will be slightly inferior to Great Britain and inferior to France and Japan. I might add, Mr. President, that France and Italy have not availed themselves of the authority or privilege of constructing additional tons of capital ships permitted under the Washington treaty. They were permitted to maintain, as Senators will recall, a ratio of 1.87 to the other powers; that is to say, 5-5-3, Great Britain, the United States, and Japan, and 1.87 for France and 1.87 for Italy. They have not cared, as sug-

gested by the able Senator from Pennsylvania, to construct battleships. They have wiser men, I think, than some of our navalists. They perceive that with airplanes, submarines, and destroyers, and some of the modern developments in naval warfare, the battleship has lost some of its potency and power as an offensive and a defensive naval weapon. But the navalists in the United States, with a tenacity unparalleled, have clung to the battleship, and have until quite recently repelled the attempts which were made to develop submarines, airplanes, and airplane carriers, and to utilize torpedoes and other modern inventions which the World War and the developments since demonstrated to be most effective in naval warfare. That is the reason, in part at least, why France and Italy have declined to build battleships, but have built submarines, aircraft, and airplane carriers.

A navy built to the top limits of the London naval treaty would not be sufficient to permit a naval campaign in the Far East. By renouncing, at the Washington conference, our right to build up and fortify new naval bases in the Pacific, the United States definitely renounced the possibility of an aggressive war against oriental powers. The United States has renounced any imperialistic ambition in the Far East, and I sincerely hope in any part of the world. That ambition, if it ever existed, was finally renounced at the Washington conference, when we agreed to a limitation of navies—that is, of capital ships—which makes it impossible to exert naval power in Asiatic waters. If we want to repudiate that policy, the Washington and London naval treaty levels will be entirely inadequate, and we will have to prepare ourselves for a naval race more intensive, far more dangerous, than any naval race in the history of the world.

Mr. President, I regret that we have manifested, in the pending bill and in other naval and military bills which have been brought before Congress during the past 8 or 10 years, a militaristic spirit quite inconsistent with our professions and incompatible with the ambitions and aims and desires of the American people. I know that no motion to amend the bill, to modify it, to reduce items of appropriation would meet with approval in this body, and that may be said with respect to every appropriation bill reported.

We should economize, and economize more, and still further economize. We should endeavor to bring our expenditures within our income and at the same time use the powerful influence of this Nation to promote the cause of international peace and good will.

Mr. LONG. Mr. President, there is a bill on the calendar to which I think there will be no opposition, and I desire to ask unanimous consent for its consideration and passage. It is House bill 14395, an act relating to the prescribing of medicinal liquors. I ask unanimous consent for the immediate consideration of the bill.

Mr. SHORTRIDGE. Mr. President, I regret that I can not consent at this moment. Let us proceed and finish the consideration of the naval appropriation bill.

Mr. LONG. Would there be any objection, after the pending bill is disposed of, to having the measure to which I have referred taken up?

Mr. SHORTRIDGE. I would have no objection.

Mr. LONG. Then I shall ask that we proceed to the consideration of the bill after we finish with the naval appropriation bill.

Mr. KING. Mr. President, I may say to the Senator from California that it is a unanimous report of the Committee on the Judiciary.

Mr. LONG. There is no opposition to the bill. It could go through in a moment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Committee on Naval Affairs on page 22.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

The reading of the bill was concluded.

The PRESIDING OFFICER. The bill is still before the Senate and open to amendment. If there be no further

amendment, the question is on engrossing the amendments and reading the bill a third time.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

PRESCRIPTION OF MEDICINAL LIQUORS

Mr. LONG. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 14395, an act relating to the prescribing of medicinal liquors.

Mr. FRAZIER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Keyes	Schall
Austin	Couzens	King	Schuyler
Bailey	Dale	La Follette	Sheppard
Bankhead	Dickinson	Lewis	Shortridge
Barbour	Dill	Logan	Smith
Barkley	Fess	Long	Smoot
Bingham	Fletcher	McGill	Steiwer
Black	Frazier	McKellar	Stephens
Blaine	George	McNary	Swanson
Borah	Glass	Metcalf	Thomas, Idaho
Bratton	Glenn	Moses	Thomas, Okla.
Brookhart	Goldsborough	Neely	Townsend
Broussard	Gore	Norbeck	Trammell
Bulkley	Grammer	Norris	Tydings
Bulow	Hale	Nye	Vandenberg
Byrnes	Harrison	Oddie	Wagner
Capper	Hastings	Patterson	Walcott
Caraway	Hatfield	Pittman	Walsh, Mass.
Carey	Hayden	Reed	Watson
Clark	Hebert	Reynolds	Wheeler
Connally	Johnson	Robinson, Ark.	White
Coolidge	Kean	Robinson, Ind.	
Copeland	Kendrick	Russell	

The PRESIDING OFFICER. Ninety Senators having answered to their names, there is a quorum present.

WAR DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. REED. Mr. President, I desire to present a conference report, on the War Department appropriation bill, which I think will lead to no discussion whatever.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 14199) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14, 25, 26, 34, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 13, 17, 19, 20, 28, 38, 39, 44, and 45; and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$144,750"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended by inserting in lieu of the word "Government" in lines 4 and 5, page 12, of the engrossed bill, the following: "War Department"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$5,444,045"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert the following: "trucks, including station wagon types and trucks purchased in complete units for experimental purposes: *Provided further*, That, in addition

to the foregoing, completely assembled and equipped motor-propelled trucks, including station-wagon types, may be purchased out of this appropriation, and other appropriations for the fiscal year 1934 under the Quartermaster Corps, which may be available for or on account of the maintenance of animals, or for or on account of the purchase, maintenance, and operation of animal-drawn equipment, or for or on account of rail transportation of persons and materials, the cost of any such vehicle so procured not to exceed \$750, including the value of any vehicle exchanged"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,401,870"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$3,466,531"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43 and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided further, That hereafter the provisions of section 5 of the act of July 16, 1914 (U. S. C., title 5, sec. 78), shall be construed as applying to the Corps of Engineers as to the purchase of motor-propelled passenger-carrying vehicles"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 5, 6, 7, 8, 9, 11, 12, 16, 18, 22, 23, 27, 29, 30, 31, 32, 33, 36, 37, 40, and 41.

DAVID A. REED,
HIRAM BINGHAM,
DUNCAN U. FLETCHER,
FREDERICK STEIWER,

Managers on the part of the Senate.

ROSS A. COLLINS,
W. C. WRIGHT,
TILMAN B. PARKS,
HENRY E. BARBOUR,
FRANK CLAGUE,

Managers on the part of the House.

Mr. REED. Mr. President, the conferees on the Army appropriation bill have agreed to 28 amendments out of 45, and are in technical disagreement on 5 or 6 more. They report a disagreement on the other amendments, and I ask that the partial report be agreed to.

Mr. FRAZIER. Mr. President, I wish the Senator from Pennsylvania would explain about these amendments. The Senate gets no information from the announcement of the Senator that there is an agreement on 28 amendments out of 45.

Mr. REED. That is quite correct. The principal amendment still in disagreement is the Couzens amendment, providing for an addition to the appropriation for training camps. As to that we report a disagreement. The other items on which we are still in disagreement are with regard to the retention of a colonel who is about to retire, employed in the office of the Director of the Budget. The House refuses to agree to that. The amendments which would make irregular reductions in the pay of retired officers are still in dispute. The item for transportation of personnel and the item regarding the Fort Benning Railroad are still in dispute. The item for the purchase of horses for the Army is in dispute. The increase made in the medical equipment for a new hospital is in dispute. Travel items in the Ordnance Department and in the sea-coast defense are in dispute. We can not agree yet on the retention of the librarian at West Point with a proper salary. The use of the Medical Reserve Corps in the summer camps has not yet been agreed on. We have not yet

agreed to increases which we made to authorize the purchase of headstones for veterans who died.

Mr. FRAZIER. This is only a partial report?

Mr. REED. That is all; and it is necessary to take this action in order to get a vote on the floor of the House on amendments like the Couzens amendment. We will message our agreement to the House and then to-morrow they will take a vote on it.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AGRICULTURAL DEPARTMENT APPROPRIATIONS

Mr. McNARY. I ask that the action of the House on certain amendments of the Senate to the agricultural appropriation bill be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the action of the House.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES,

February 27, 1933.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 14 to the bill (H. R. 13872) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1934, and for other purposes, and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert: "Provided, That hereafter in the administration of the Federal highway act and acts amendatory thereof or supplementary thereto, the first paragraph of section 9 of the act of November 9, 1921, shall not apply to publicly owned toll bridges or approaches thereto, constructed and operated by the highway department of any State, subject, however, to the condition that all tolls received from the operation of any such bridge, less the actual cost of operation and maintenance shall be applied to the repayment of the cost of its construction, and where the cost of its construction shall have been repaid in full, such bridge thereafter shall be maintained and operated as a free bridge."

That the House recede from its disagreement to the amendment of the Senate numbered 15, and concur therein.

Mr. McNARY. Mr. President, this provision appertains solely to publicly owned toll bridges and provides that when the money for the bridge has been paid back it shall become a free bridge. I move that the Senate concur in the House amendment.

The motion was agreed to.

ORDER OF BUSINESS

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. SMOOT. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. SMOOT. May I say to the Senator from Louisiana that I desire to call up the conference report on the independent offices appropriation bill.

Mr. LONG. That is privileged anyway.

Mr. SMOOT. I ask to take up the conference report.

Mr. BLACK. Mr. President, do I understand that unanimous consent has been asked to take up the conference report?

The PRESIDING OFFICER. That is correct.

Mr. BLACK. Will it take very long? It is my understanding that it will take all day to-day and all day to-morrow.

Mr. SMOOT. As to that I can not say. I doubt that to be the case, but there is going to be some discussion on one item.

Mr. LONG. Unless I am required to yield under some rule of the Senate, I want to bring up the beer bill. It is not the regular beer bill, but it is the so-called apothecary's beer bill. It has been approved by unanimous report of the Judiciary Committee and has passed the House. It is a mere formality, and I was trying to get the Senate to proceed to its consideration.

Mr. BORAH. Mr. President, I have no particular objection to the bill, but I hope the Senator from Louisiana will not undertake to bring up a controversial proposition until we have finished with what is known as the Walcott-Hull

bill. That is the bill which has for its purpose the granting of emergency aid to the agricultural interests of the country. We have had it up before. I think we can dispose of it within a reasonable time. I should very much like to see that measure disposed of first.

Mr. ROBINSON of Arkansas. Mr. President, may I say to the Senator from Louisiana that I think, after making some surveys, the probabilities are we can quickly dispose of the Hull-Walcott bill, and if it is to be done it ought to be done as quickly as possible so as to afford some opportunity to the House to consider the matter. The bill to which the Senator from Louisiana refers has passed the House, I understand.

Mr. LONG. Yes; and has been approved by the Judiciary Committee. It will not take three minutes to pass the bill.

Mr. BLACK. Oh, it will take longer than that, because I shall object to it.

Mr. BORAH. Yes; it will take longer than three minutes.

Mr. McNARY. Does the Senator from Louisiana intend to move to take up his bill?

Mr. LONG. I think I have a right to move that we proceed to the consideration of the bill. It will not take more than three minutes. I do not see why we should not go ahead with it. Does the Senator from Alabama object?

Mr. BLACK. I shall not object to the consideration of the Senator's bill after my resolution has been disposed of.

Mr. BORAH. Mr. President, let me say to the Senator from Louisiana that when we have the Hull-Walcott bill out of the way I shall not oppose the taking up of his bill. I am perfectly willing to have it disposed of.

Mr. NORRIS. Mr. President, I would like to suggest that the conference report which the Senator from Utah is trying to call up, while it is controversial, will not cause any unnecessary delay. If those who are opposed to the conference report are successful in defeating it, it will go back to conference again. We ought not to do that if we can help it, because it will have to be considered by the House. I would like to say to the Senator from Arkansas that, as a matter of fact, if we delay taking up the conference report until probably the last thing, that would be one of the arguments used for not agreeing to it.

Mr. ROBINSON of Arkansas. I thought the Senator from Utah had presented his conference report and, it having a privileged status, that we would proceed with it at once.

Mr. SMOOT. I have already asked that it be taken up.

Mr. NORRIS. There is no intention on anybody's part to unnecessarily delay it, so far as I know.

The PRESIDING OFFICER. The report was offered yesterday and read.

Mr. SMOOT. Yes; and I am now asking that it be laid before the Senate.

Mr. BLACK. Mr. President, that is a privileged matter? The PRESIDING OFFICER. It is.

Mr. BLACK. May I suggest to the Senator from Utah that I am anxious to join in getting the appropriation bills through the Senate? My judgment is that the proposed filibuster on my resolution is supported by very few Senators. I have only learned of one up to this time. I am speaking of the resolution with reference to preventing the perpetration of what I believe to be, if not a fraud, at least an outrage with reference to a contract which will be signed most likely to-morrow at 12 o'clock unless the Senate takes action.

If it were not for the fact that this matter will be taken up by the Postmaster General to-morrow at 12 o'clock and closed, I would not think of asking that we go ahead to discuss and dispose of the resolution now. There is \$10,000,000 involved in the matter, besides loans requested by the shipping interests, according to the report which I have before me, of a considerable amount more. I can think of nothing more important at this time, with the questions that have come up, than that we should prevent this raid on the Public Treasury.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. WHEELER. I can hardly conceive of the Postmaster General signing a contract under existing circumstances. If there is any fear that a thing of that kind would be done by the Postmaster General, just as he is going out of office, I do not see how anybody could object to insisting that the matter be held up until such time as the new Postmaster General comes into office.

Mr. SMOOT. Mr. President, I have no intention of delaying consideration of the resolution, but this is a conference report which has to go back to the House. The conferees on the part of the House positively and without hesitation said they would not yield as to the \$280,000 increase made in the Senate. That will be discussed when the matter comes up. I hope the Senator will recognize that this has to go through the House and be brought back to the Senate before it can be finally disposed of.

Mr. BLACK. I understand that, but I would like to state further, that personally, if the Senate could by resolution absolutely prohibit the making of such a contract, I would believe it to be more important to pass the resolution than to pass the appropriation bill. We could take up the appropriation bill in the extra session. Unfortunately, we have only the power to express ourselves on the other matter. I may say to the Senate here and now, in order that those who are making the bids may be placed on notice—and there will be only one bid made under the circumstances—that they may just as well be placed on notice that if they succeed in pushing through the contract at this late hour there is a large group of Senators who will fight as long as it is possible to fight against any appropriation of one cent or one dime or one dollar to carry out such a contract executed under such circumstances.

I can not understand how it is humanly possible for anyone to object to the passage of the resolution when it is known that a new Postmaster General will come into office in a few days, when it is known that charges have been made and the evidence read here and that it is desired to put this thing through in this administration because they are afraid they can not do it under the next administration.

I want to serve notice now, and I want it to go as far as it can go, that I am not only speaking for myself but I am telling that which has been stated to me by various other Senators, that if by reason of the proposed filibuster on the part of the Senator from Pennsylvania [Mr. REED] or anybody else, the Postmaster General is enabled and sees fit to ride roughshod over the rights of the people of the country who have held that his administration ought to go out of power in two or three days, and if he executes such a contract three days before he goes out of office there will be a determined and vigorous effort made on the floor of the Senate, just as long as it is possible for us to continue it, to prevent the granting of the appropriation of a single dollar to carry out any such contract.

Mr. THOMAS of Oklahoma. Mr. President, I share in the viewpoint expressed by the Senator from Alabama. I ask unanimous consent that a transcript of his remarks made in the last three minutes be prepared and sent by special messenger forthwith to the Postmaster General.

The PRESIDING OFFICER. Is there objection?

Mr. REED. I object.

The PRESIDING OFFICER. The Senator from Utah asks unanimous consent to take up the conference report.

Mr. BLACK. Mr. President, I understood it was a privileged matter and that I could not object.

The PRESIDING OFFICER. The Senator from Utah can make the motion if anyone objects.

Mr. SMOOT. If there is objection I shall move to take it up.

The PRESIDING OFFICER. And that motion would not be debatable. Is there objection?

Mr. LONG. I object.

Mr. ROBINSON of Arkansas. Mr. President, I should like to inquire of those who are opposing the resolution of the Senator from Alabama or the disposition of it whether they have any suggestion to make looking toward the disposition of the resolution before 12 o'clock midnight to-day?

Mr. REED. Mr. President, if the Senator will permit me, I have been accused of conducting a filibuster against the resolution. I have not said a word in opposition to it. The attack has come from the proponents of the resolution.

Mr. BLACK. Did not the Senator make the statement that there were enough Senators to prevent the passage of the resolution during the remaining days of this session?

Mr. REED. I think if the facts were known, there are enough votes to defeat it.

Mr. BLACK. Then let us vote on it immediately.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Pennsylvania a question?

Mr. REED. Certainly.

Mr. ROBINSON of Arkansas. I realize that the Senator and others interested are entitled to a fair opportunity to debate the resolution. The question is that the resolution has been pending several days and if it is not disposed of to-day, as I have already said during the debate, it will be fruitless to pass it at all.

Mr. REED. The Senator is mistaken. It was introduced just yesterday afternoon.

Mr. ROBINSON of Arkansas. Mr. President, I ask the Senator from Pennsylvania whether he would agree to an arrangement by which, at the conclusion of the consideration of the conference report, the Senate shall continue the consideration of the resolution submitted by the Senator from Alabama [Mr. BLACK] to its final disposition during the present calendar day?

Mr. REED. I would not want to agree to that, Mr. President. I want a chance some time to-day to state what the facts are. These people have been accused of fraud; they have been accused of making a corrupt bargain; by inference the Postmaster General is accused of being a participant of the corruption. The resolution begins with a lot of recitals, most of which are exactly contrary to the facts. This contract has been unanimously approved by the Shipping Board, including the Democratic members of that board. The recital in the resolution is that the Merchant Fleet Corporation reported this month that the steamship service is not justified. The fact is the Shipping Fleet Corporation reported exactly the contrary.

Mr. BLACK. Mr. President—

The PRESIDING OFFICER. The Senator from Utah [Mr. Smoot] has the floor.

Mr. BLACK. Will the Senator yield to me to read a letter from the Merchant Fleet Corporation?

The PRESIDING OFFICER. To whom does the Senator from Utah yield?

Mr. SMOOT. I do not yield any further.

Mr. BLACK. I have a letter from the Merchant Fleet Corporation saying that this service is not justifiable.

Mr. SMOOT. That will all come out in the discussion.

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT

Mr. BLACK. I object to taking up the conference report.

Mr. SMOOT. I move that the Senate proceed to the consideration of the conference report on House bill 14458, making appropriations for the Executive Office and sundry independent offices, and so forth.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. The motion is not debatable.

Mr. NORRIS. It is debatable.

The PRESIDING OFFICER. The Senator has moved to proceed to the consideration of the conference report and under Rule XXVII that motion is not debatable.

Mr. BLACK. I ask for the yeas and nays on the motion of the Senator from Utah.

The PRESIDING OFFICER. Is there a second?

Mr. NORRIS. Mr. President, I ask unanimous consent to submit a proposed unanimous-consent agreement.

Mr. SMOOT. With regard to what?

Mr. NORRIS. With regard to the so-called Black resolution.

Mr. REED. Regular order, Mr. President!

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah that the Senate proceed to the consideration of the conference report.

Mr. BLACK. I ask for the yeas and nays.

Mr. LONG. Let us have the yeas and nays.

The PRESIDING OFFICER. Is the demand for the yeas and nays seconded?

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah.

The motion was agreed to; and the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

Mr. BLACK. Mr. President, I do not desire to be, and I am not going to be, placed in the attitude of trying to defeat rapid action on any appropriation bill, but it is manifest that there is a desire on this floor not to consider this resolution. It is known, because I have in my hand here the advertisement, that this matter is going to be taken up by the Postmaster General to-morrow at 12 o'clock. It involves \$10,000,000 of the money of the people of the United States. It is not to go to charity; it is not to go to help the unemployed; it is to go to help a part of the same group that have a strangle hold on the affairs of this Nation and who are largely responsible for the terrible conditions which exist throughout the country.

All one has to do in order to find out who has been drawing down the money for the shipping subsidies is to look at the names of the list of boards of directors and it will be found that, without fail, they go right back to the same New York interests which are typified by Mr. Mitchell, who testified a few days ago before a Senate committee; the same interests typified by Mr. Insull, who has fallen into disfavor with some of his own group because he happens to have been caught. Look at the list of directors and you will find they go right back to the Morgan interests and the Chase National Bank and the City National Bank, as I can show they go in this case.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Pennsylvania?

Mr. BLACK. I yield to the Senator.

Mr. REED. Does the Senator assert, of his knowledge, that J. P. Morgan & Co. or the Chase National Bank have anything to do with this transaction?

Mr. BLACK. I assert from the report of the hearings before the subcommittee of the Committee on Appropriations of the United States Senate on House bill 9699, the hearings having been held in 1932, that the following appear as directors of the International Mercantile Marine Co.—

Mr. REED. Will the Senator tell us what that company has to do with this transaction?

Mr. BLACK. I will read to the Senator from the statement by Mr. Horan, what they have to do with it.

First let me read, so that the Senator will know, that one of the directors is J. P. Morgan. That goes very straight to Mr. Morgan. Another one is C. H. Sabin, who is, I am informed, connected with the Guaranty Trust Co., a Morgan bank.

The Senator desires to know on what I base my statement that the International Mercantile Marine has anything to do with the transaction. I call the Senator's attention to the fact that the president of the International Mercantile Marine is Mr. P. A. S. Franklin. Is there any question about that?

Mr. REED. I take it there is no question about that.

Mr. BLACK. All right. I have here in my hand a telegram from Mr. P. A. S. Franklin, sent to the United States Shipping Board in the interest of this particular contract. It is dated January 31, 1933, and reads:

Referring letter to you from Philadelphia Mail Steamship Co. dated January 28, United States Lines—

Is there any question about the United States Lines being controlled by the International Mercantile Marine?

Mr. REED. I do not know that they are, Mr. President; but if the Senator states so, of his own knowledge, I am willing to admit it.

Mr. BLACK. I have the facts here in the report made to the committee, which I shall be glad to have the Senator look at. I will show the Senator what they have to do with it.

Mr. REED. Let me ask the Senator a question?

Mr. BLACK. Yes.

Mr. REED. Is it not true that the owner of these vessels will be the Philadelphia Mail Steamship Line?

Mr. BLACK. Yes; and let me show the Senator the connections of that company.

Mr. REED. Oh, yes; go ahead.

Mr. BLACK. I read further from the telegram:

Request approval and permission of the board to sell to the Philadelphia Mail Steamship Co. four merchant B boats for operation by that company from Philadelphia to Liverpool, with the right to call at Baltimore and Norfolk, and with the further right to call at Manchester. The sale would be subject to the Philadelphia Mail Steamship Co. receiving a mail contract. The operations would be conducted by the Roosevelt Steamship Co.

That is another subsidiary of the International Mercantile Marine.

The terms of sale would be \$500,000 for each ship payable as follows: \$75,000 cash, \$75,000 in preferred stock, and \$350,000 in preferred mortgages. It is contemplated that the Shipping Board would release the United States Lines Co. for the amount of the mortgages, which would be assumed by the Philadelphia Mail Steamship Co. As this matter is urgent, would request hearing on this application with a view to furnishing further details as soon as possible.

UNITED STATES LINES CO.,
By P. A. S. FRANKLIN, Chairman.

Now I will read a letter dated January 28 on the letterhead of the Philadelphia Mail Steamship Co. organization Executive Committee, addressed to Mr. T. V. O'Connor, chairman United States Shipping Board, signed by Mr. Hubert J. Horan. I presume there is no question about his having the right to send this letter, knowing what he was talking about, because he also appears in the hearings from which I read one or two excerpts.

Mr. ROBINSON of Indiana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Indiana?

Mr. BLACK. I yield.

Mr. ROBINSON of Indiana. Did the Senator say something about the Roosevelt Steamship Co.?

Mr. BLACK. The Senator is correct.

Mr. ROBINSON of Indiana. Is that the steamship company of which Archibald Roosevelt is one of the principal officers?

Mr. BLACK. It is the steamship company with which Kermit Roosevelt is associated.

Mr. ROBINSON of Indiana. Are they both in that company?

Mr. BLACK. I do not find the name of Archibald Roosevelt, but I do find the name of Kermit Roosevelt.

Mr. ROBINSON of Indiana. How much of a subsidy do they get?

Mr. BLACK. It is my information from what I have found in the report that the affiliated lines get greater subsidies from the United States Government than any other lines in the United States. If I am incorrect, I will ask the Senator from Tennessee to correct me.

Mr. McKELLAR. I think the Senator is substantially correct. The subsidies paid them are about as large as those paid any organization.

Mr. LONG. Mr. President, will the Senator from Alabama permit a question?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BLACK. I yield.

Mr. LONG. Did I understand that it is Kermit Roosevelt who is in on this subsidy?

Mr. BLACK. That is correct.

Mr. LONG. I was wondering why he made peace with the President elect the other day over some family differences. [Laughter.]

Mr. BLACK. Now, Mr. President, let me read just a little further in order that there may be no question about who this is.

Mr. ROBINSON of Indiana. May I ask one other question, if the Senator will yield for just a second?

Mr. BLACK. Certainly.

Mr. ROBINSON of Indiana. Is this Roosevelt line also connected with J. Pierpont Morgan?

Mr. BLACK. It is.

Mr. ROBINSON of Indiana. Is that the contract they have to get signed by midnight to-night?

Mr. BLACK. By 12 o'clock to-morrow.

Having shown the connection of Mr. Morgan, and I could show the connection of others in the Morgan interests and banks with this International Mercantile Marine Line, let me read now from this letter:

For your information—

Says Mr. Horan—

For your further information the sources of committed capital definitely subscribed, \$500,000—cash as follows:

\$250,000, by the Pennsylvania Railroad.

\$125,000, by the Baltimore & Ohio Railroad.

\$125,000, by the Reading Co.

Now, I desire to call attention there to the fact that in the recent testimony taken at the hearings of the committee on the 5-day week, as the Senator from Nebraska will doubtless recall, we showed the relationship of these railroads to the Morgan interests and to the banks in New York. Now they are going further—

We are assured of additional capital of \$100,000 from other sources. In addition, of course, the I. M. M.-Dawson interests will have a stock interest of \$300,000.

That answers the question; that shows about who is connected with it. It shows just as I stated in the beginning that the International Mercantile Marine Co. is one of those behind this transaction. It is shown further in the hearings that it will be operated by the Roosevelt Steamship Line—the Roosevelt Steamship Co. (Inc.)—the officers of which are: Chairman of the board, P. A. S. Franklin; president, Kermit Roosevelt; vice presidents, J. M. Franklin, Basil Harris, and G. F. Ravenel; treasurer, A. F. Finch; and secretary, A. P. Palmer.

It is my recollection—and if I am incorrect I should like to have the Senator from Tennessee correct me, because he is very familiar with this subject—that the evidence taken last year showed that this ship subsidy getting organization paid its president \$100,000 a year. I will ask the Senator from Tennessee whether that is correct?

Mr. McKELLAR. That is correct, Mr. President, so I am informed.

Mr. REED. Mr. President, will the Senator yield?

Mr. McKELLAR. I want to call the Senate's attention to another matter. There are 300,000 tons of shipping owned by the International Mercantile Marine and belonging to that organization that are flying the British flag, and it is a well-known fact that, in essence, it is a foreign steamship line. Yet it and its subsidiaries are drawing subsidies from the American Government, and it is under contract—and I shall be glad to read an excerpt from the contract, if the Senator desires—so far as its other lines are concerned, to turn the ships over to the British Government in the event of war.

I also call the Senator's attention to the fact that the contract itself can be found on page 353, and the following pages, of the hearings on the Treasury and Post Office Departments appropriation bill for 1933, and the evidence of Mr. Franklin may also be found on page—I will give it to the Senator in just a moment—

Mr. BLACK. It is on page 1099.

Mr. McKELLAR. Wait a moment; I will get it and be certain. Yes; it is on page 1099 and the following pages. The excuse is given that they are asking some modification

of that contract. There was some kind of modification, but, to the best of my knowledge, the International Mercantile Marine is still under obligation to turn over its ships to the British Government in time of war.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from New York?

Mr. BLACK. I desire to yield first to the Senator from Pennsylvania. Before doing so, however, I want to add just one statement to what the Senator from Tennessee said.

It also appears on page 1103 of the hearings that the Senator from Tennessee asked this question of Mr. Keating, who is the attorney for the International Mercantile Marine, and who, as I recall—I shall look in a minute—appeared in the interest of this particular subsidy:

Senator McKELLAR. Brought down to its real meaning, it means, the meaning of that agreement is that you are not permitted to transfer these British ships without the consent of the British Government.

Mr. KEATING. That is it.

Mr. REED. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield to the Senator from Pennsylvania.

Mr. REED. Two questions—

Mr. McKELLAR. Mr. President, before the Senator from Pennsylvania starts, will he let me call attention to a further quotation from page 1103 of these hearings?

Senator McKELLAR. If you do that, the British hold control of these 38 ships, either way.

Mr. KEATING. We do not give up very much, Senator, in agreeing to that.

In other words, those 38 ships are under the original agreement, and are in duty bound to go to the British Government in the event of war; and we are subsidizing that very concern owning those ships!

Mr. GORE. Mr. President—

Mr. BLACK. I yield first to the Senator from Pennsylvania. [A pause.] I yield to the Senator from Oklahoma, then.

Mr. GORE. I desire to ask the Senator from Tennessee if he means to say that we are paying a subsidy out of the Treasury of the United States to an English steamship line.

Mr. BLACK. The Senator from Tennessee meant that the International Mercantile Marine has a number of ships, some of which are American and some of which are British, and that we are subsidizing those that are American, as I understand.

Mr. McKELLAR. And that a portion of these ships, 38 in number, are still under contract to be turned over by this company to the British Government in the event of war.

Mr. GORE. No subsidy is paid so far as the British ships are concerned?

Mr. McKELLAR. No; not to the British ships themselves, but the subsidy is turned over to this company, which owns all the ships.

Mr. BLACK. I call attention to the fact that that is the very company that I have just read will be greatly interested in this contract, and is urging that this contract be signed to-morrow.

Mr. REED. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield to the Senator from Pennsylvania.

Mr. REED. It is perfectly true, is it not, that these two ships which they are proposing to sell to the Philadelphia Steamship Co. will not be subject to call by the British Government?

Mr. BLACK. That is correct.

Mr. REED. It is perfectly true also that these two Philadelphia ships will fly the American flag. They are flying it now.

Mr. BLACK. I presume they will if they can get enough money out of the Government.

Mr. McKELLAR. That is exactly right.

Mr. REED. It is perfectly true that these are two old transports which had been flying the American flag for many years; is it not?

Mr. BLACK. And have been getting subsidies so large that it almost makes a man ashamed to read what they got.

Mr. REED. The Senator makes interesting answers, but they are not responsive.

Does the Senator think the fact that, in part payment for those two ships, this Philadelphia concern is going to give a small minority of its preferred stock, inculcates the Philadelphia concern with the fact that the International Mercantile Marine owns some British ships? Are we all guilty of all offenses because we buy these two ships—

Mr. BLACK. I do not intend to get away from the real subject; but I am going to answer that, and then I am going to call the attention of the Senator to the real issue.

Mr. REED. I wish the Senator would.

Mr. BLACK. In the first place, the International Mercantile Marine will be the controlling factor, because it will have a mortgage on the ships. That is shown in this letter. It will not only have a mortgage on the ships, but, according to my information, which may or may not be correct—I have not it here before me—the balance due under the mortgage will be for a greater amount than the ships were originally sold for by the Shipping Board.

Mr. REED. Mr. President, will the Senator yield there?

Mr. BLACK. I yield.

Mr. REED. The Senator made the statement yesterday that these ships were sold for \$131,000. May I assure the Senator that his information was wholly incorrect.

Mr. BLACK. The Senator will recall that I had in the resolution that "it was said." I have that information, and the man who knows says he will swear to it; but that is not material here. The question here is this:

Mr. Brown is the Postmaster General of the Hoover administration. He will be such only until next Saturday. After that, a new administration comes in.

Mr. REED. And will the Senator tell us who will be Postmaster General then?

Mr. BLACK. Let me conclude my statement. Then I will yield to the Senator. I am not going to be led off from what is the real issue.

The statement has been put in the Record that evidence was given in the hearing before the Shipping Board that it was vitally essential to get this contract signed before Mr. Brown went out. Evidence has been put in here showing that there was a feverish haste, an unseemly anxiety, to dispose of this matter while Mr. Brown yet remains as Postmaster General.

Mr. McKELLAR and Mr. REED addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I will say to the Senator that he can well understand how this is when we have it dinned in our ears, almost every time this matter comes up, that "We have a contract," "We have a contract," "We must stand by our contract." That is the reason why there is such anxiety to get this paper signed by the present Postmaster General, and that is why such feverish haste is being made here in the closing moments of the old administration to get something so that they can claim, "We have a contract," "We have a contract," "We must stand by a contract."

That is the cry of Senators on this floor. We ought not to permit this contract to be made; and if this contract is made under these circumstances, the Senate ought to go on record as being unwilling to stand by such a contract, because, in my judgment, from what the Senator from Alabama read yesterday of the proceedings concerning it, it will be a fraudulent contract if it is entered into.

Mr. BLACK. If the Senate believes in honesty, it will vote for the resolution.

Now let me read another thing they propose:

It is the hope of the Philadelphia Mail Steamship Line that the United States Shipping Board will allow the Philadelphia Mail Steamship Co. to borrow—

You will remember that the statement is made that these are not such excellent ships—

to borrow 75 per cent of \$120,000 per ship, or 75 per cent of \$480,000—namely, \$360,000—from the construction and loan fund

of the United States Shipping Board. The Philadelphia Mail Steamship Co. will pay in cash \$120,000 for the reconstruction of the four ships.

They want to borrow, first, \$480,000. That is a part of the application. After they have borrowed this money, and have put in their capital, and have an agreement for a \$10,000,000 subsidy out of the pockets of the taxpayers of the United States, how much will the working capital of this huge million-dollar company be? The net working capital will be \$180,000. They propose to borrow \$480,000 from the Federal Government. They propose to get a contract for \$10,000,000 of subsidies with a working capital of \$180,000.

Mr. COPELAND and Mr. McKELLAR addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. The Senator from New York desires that I yield to him.

Mr. COPELAND. Mr. President, I know the Senator from Alabama is so fair a man that he does not want to leave in the Senate a misunderstanding of the facts.

The International Mercantile Marine possessed itself years ago, before the war, of certain British vessels. It had an opportunity to sell these vessels, and on the personal request of President Wilson it did not dispose of them to British interests. It had an opportunity to sell at a time when there was great demand for bottoms, because during the war there was a great destruction of ships. So the International Mercantile Marine, of which Mr. Franklin was the head, had the opportunity to sell these British-flag vessels; and Mr. Wilson, then President, requested him not to do so, because they were needed to build up the American merchant marine or to build up American commerce. So, on President Wilson's request, the vessels were not sold.

Then as time passed, with the decline in the prosperity of the country and of the world, the International Mercantile Marine was not able to dispose of the ships which it very much desired to sell; and the only reason there are any British-flag ships in the International Mercantile Marine is because they can not get rid of them. The other vessels in that great concern are American-flag ships, and they are the ones which are receiving the mail subvention.

That is the fact, which I am sure no one here can dispute; and I know my friend's sense of fairness is such that having now learned what is the truth regarding it, he will not charge this concern with bad faith merely because they are so handicapped as to have these ships, which, Heaven knows, they would like to dispose of if they could find a purchaser.

Mr. BLACK. I have not charged them with bad faith. I stated—the statement came out—that they owned 38 foreign ships. That is not the question here. Here is the question:

There has been feverish activity to get a contract signed up before this administration goes out.

Mr. McKELLAR. Mr. President—

Mr. BLACK. I yield to the Senator.

Mr. McKELLAR. If this company has invested \$120,000 of its own money and borrowed \$360,000 of the Government's money, can the Senator blame it for being feverishly anxious to get a new contract when the new contract gives it a million dollars a year for 10 years of Government money on an investment of just \$120,000? If it gets a subsidy of only \$500,000 a year for 10 years on a \$120,000 investment, it is racketeering that would put Al Capone to shame.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Pennsylvania?

Mr. BLACK. I yield to the Senator.

Mr. REED. It is a fact, is it not, that this was all spread out in a public hearing on February 3 last, and that the only feverish haste that has appeared is the haste that has appeared in connection with the pending resolution, which was not introduced until last night?

Mr. BLACK. The Senator is correct that the resolution was offered only yesterday. It would have been offered earlier if I had had the facts before yesterday. That is the

only reason I did not offer it earlier, because I knew nothing about it; but when I learned about it I offered the resolution, and this is the question that must be answered by those who oppose this resolution:

If this is a genuine, bona fide, honest effort to obtain a genuine, bona fide, honest contract, there will be no desire on the part of anyone to keep it before Mr. Brown. What reason is there to think that Mr. Brown is the only public official who can be relied upon to sign up this contract?

Mr. REED. Mr. President, will the Senator yield there?

Mr. BLACK. I yield to the Senator from Pennsylvania.

Mr. REED. Does the Senator remember the touching consideration that Pennsylvania got from the last Democratic administration? Does not the Senator know full well that this contract never will be signed on any terms for any Philadelphia concern?

Mr. BLACK. I am inclined to think the Senator is correct; that this contract never will be signed by anybody but Brown under the terms under which it is offered, whether it comes from Philadelphia, New York, California, Alabama, or Utah. I am inclined to think that there is no hope that they could find another man in all of the United States before whom they would dare to march up and ask that he sign this contract. Yes; I agree with the Senator to this extent: I am sure it will not be signed when the new administration comes in. If the new administration permitted it to be signed, I am frank to say to the Senator that, in my judgment, it would forfeit the respect and the confidence of the people of the American Republic who placed it in power.

Mr. REED. Does the Senator realize that Mr. Brown had nothing to do with framing this contract?

Mr. BLACK. No; I do not.

Mr. REED. It was all worked up by the Shipping Board, and agreed to by Republicans and Democrats alike.

Mr. BLACK. I do not understand that it was all worked up by the Shipping Board. It was worked up by a lot of others besides the Shipping Board, and I think an investigation would show it. I am frank to say that I find in this hearing a statement that it was very unfortunately true that the Comptroller General had to pass upon it. I do not know why they were afraid of the Comptroller General, but it is stated that it is unfortunately true that he had to pass upon it. That statement was made by the Senator's secretary, according to the record.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. ROBINSON of Indiana. I would like to ask the Senator a question for my own information. Are we to understand that if this contract is signed by to-morrow noon, these interests will receive a subsidy of \$10,000,000 over a period of 10 years?

Mr. BLACK. That is correct, according to my information.

Mr. ROBINSON of Indiana. If that is true, then, these interests which would receive the subsidy are the very leaders of the so-called National Economy League.

Mr. BLACK. It is the same group that is trying to break down everything in the country that does not bow to the will of the Chase National Bank, the Morgan interests, the National City, and the others of that controlling group.

Mr. ROBINSON of Indiana. That is the same group, is it not, I ask the Senator, which now would undertake to charge the depression to the disabled veterans of the United States?

Mr. BLACK. I think the Senator is correct. Let us not get away from the issue. Here is a proposal to get a contract for \$10,000,000. That money does not grow on trees; it must come from the taxpayers.

Mr. REED. The Senator wants it spent at Muscle Shoals, I suppose?

Mr. BLACK. The Senator is very much interested in Muscle Shoals. He is interested in anything in the world except having portrayed before this country his attitude in standing here and trying to defeat a resolution which would prevent the signing of a contract until it could be fairly and

honestly investigated by those who are not interested in the result. I do not blame him for wanting to divert attention, but we will not divert it. We will talk about Muscle Shoals later. We are talking now about what the Senator is doing.

Here come some people before the Shipping Board, and they say, "Here is some money our group has not yet gotten out of the Treasury. We have left a little. Now, we admit that Mr. Mitchell did not know he was going to leave any in the pockets of the American people when he got through. We admit Mr. Morgan did not intend to leave any. We admit that we thought we would get everything everybody had but our subsidies."

When we trace them down we find that practically every one of them goes right back to the Chase National Bank, to the National City Bank, to the J. P. Morgan interests, to that group which has a stranglehold on the financial affairs of this country, which has brought us to the terrible situation where we must watch people starve in the midst of abundance and plenty. They thought, "Well, now, here is a little more. We might get \$10,000,000. The pickings will not be so good when the new administration gets in, so we will go down, we will take a strong delegation down before the Shipping Board, we will take Congressmen and Senators and Senators' secretaries, and we will go down and tell them that we have to get this money while Mr. Brown is in."

Why is Mr. Brown the only person who would give it to them? Why is it that out of all of the United States it is thought he is the one man who could give it to them?

I invite those who doubt the close touch of Postmaster General Brown with these mail subsidies to read the hearings on House bill 9699, and study what happened with reference to the Seatrain contract. I invite them to find out how the strong hand of Mr. Brown was seen all along the devious and uncertain way wound by those seeking to extract money from the Federal Treasury by what appears to any fair-minded man who reads the evidence to be fraud and corruption.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield.

Mr. McKELLAR. The Senator from Pennsylvania asked the Senator from Alabama a few moments ago about his delay in presenting this resolution. I want to say to the Senate that Mr. Brown came before the Committee on Appropriations, of which I happen to be a member, and, in his testimony, said there was no use taking steps now, that nothing was going to be done before March 4, when he would go out, that it was a matter for his successor, and not for him. So far as I am concerned, as one member of the committee, I did not believe Mr. Brown had the slightest intention of trying to effect any more contracts before he went out. It was only in the last day or two, when the Senator from Alabama told me that he was undertaking to put through a contract just in the closing hours of his administration of the Post Office Department, that I learned of it.

Mr. BLACK. Mr. President, let us see. They go down before the committee and they say, "We have to get action now; we have to hurry up." They do not wait to write letters giving notice of the advertisement. According to information coming to me, this thing was so late, it was so difficult to get it out, that they sent out the notice of the advertisement by wire. Why was that? They did not even use the subsidized air mail. They sent it out by wire. Why was it? It was because they were being told here, "We must get it through before the new administration gets in. Our only chance is to get it through under Mr. Brown."

Who is this Mr. Brown? He is the same gentleman who defended the Seatrain contract before the committee, who admitted that it was not necessary to carry any mail, admitted that there was a contract sufficient to carry all the mail that had to be carried between this country and Cuba, who admitted in the evidence that there was a shipping interest using private capital that had been doing a suc-

cessful business for 15 years. Then he proceeded to subsidize another company represented by some of the same group which we find here, and proceeded to give them a contract, taking away other millions of the people's money.

Oh, the Morgan interests and the Roosevelt interests make a loud noise when we begin to talk about the salary of some employees, saying that what we need to do in order to balance the Budget is to cut everybody's salary. But they do not cut their own salaries. They do not cut their subsidies. They come in the last week of the expiring term of a repudiated administration, of a repudiated official, and attempt to get a contract signed up. Then we find, strange to say, unbelievable as it is, Members of the United States Senate who oppose waiting until there can be a fair, honest, and open investigation of the facts.

Let us take just a moment there. Let me read a letter of February 6 to the President of the Merchant Fleet Corporation, United States Shipping Board. Here is the statement made:

The following tabulation shows the amount of dry cargo moving during the fiscal years 1931 and 1932 from and to Philadelphia, Baltimore, Hampton Roads to Liverpool and Manchester.

Note this:

From this tabulation it will be noted that the establishment of a direct Philadelphia, Liverpool, Manchester service is not justified.

What do we find? We find the telegraph wires being used. We find anxiety, feverish activity, to take away \$10,000,000 that belongs to the taxpayers of this country, from their hard-earned money, and put it into the pockets of the same group that stands like a giant colossus in control of the financial affairs of this Nation, striking at the very life blood of the Republic, and they blindly permit conditions to continue of privilege to them, while millions of the people are in misery and destitution and want. Yet we find them so firmly entrenched that there is even an objection to letting the Senate vote on whether to approve Mr. Walter Brown's passing on this contract or not.

Mr. President, I ask unanimous consent that at 6 o'clock the Senate proceed to vote on this resolution.

The PRESIDING OFFICER. Is there objection?

Mr. KEAN. I object.

Mr. SMOOT. Mr. President, I want to say to the Senator, in all fairness to the Senator himself, that I do not know whether we will pass the appropriation bill by that time or not, and certainly the Senator does not want to ask us to proceed now to the consideration of the appropriation bill, and then, as soon as it is disposed of, vote on the resolution to which he refers.

Mr. BLACK. Is the Senator for this resolution or against it?

Mr. SMOOT. It is the first time I have heard it discussed. I have been in committee meetings and hearings, and I would not say offhand, without even reading the resolution, whether I would vote for it or against it.

Mr. BLACK. Does the Senator favor Mr. Brown?

Mr. SMOOT. This is what I am for; I am for the appropriation bills. I am responsible, in part, for the passage of the bill I have in charge, and I want it passed. If it shall be that the Senate is not going to agree upon some one of the amendments in the bill, it will have to go back to conference again, and we have only a few days in which to pass the appropriation bills. I am partially responsible for the passage of the appropriation bills, and I am going to see that they are passed before any other legislation of the kind referred to interferes.

Mr. BLACK. The Senator is also interested, as a Senator, in seeing that there be no signing of a \$10,000,000 contract without giving time for consideration by disinterested authorities, and I feel sure that the Senator will not approve Mr. Brown. I can not believe that the Senator from Utah approves Mr. Brown signing a contract of that kind on March 1, and I would have thought, knowing the Senator's great record in this body over a long period of years, that he would have been the first to put the stamp of his disapproval on anything that had in it the slightest question or doubt.

Mr. SMOOT. Of course, if I felt that there was any doubt, if I knew it, as no doubt the Senator thinks he knows it, and had given any particular study to it, I should answer the Senator frankly; but I am sure he does not want me to give him an answer as to a thing I have not even considered. I can not do it.

Mr. BLACK. The Senator has been here and has heard the evidence of an attempt to get the contract through during this administration. The Senator has been a part of this administration. Does the Senator want to put smut on the closing part of his administration by standing by and approving their blocking action which would prevent signature until an investigation could be made?

Mr. SMOOT. I want the Senator to understand that I am not attempting to block it in any way, shape, or form. I am trying to get action upon an appropriation bill.

Mr. BLACK. Will the Senator vote for it?

Mr. SMOOT. There are other appropriation bills to come.

Mr. BLACK. I ask unanimous consent that we vote right now.

The PRESIDING OFFICER. Is there objection?

Mr. REED. I object.

Mr. BLACK. I ask that we vote immediately after the disposition of the appropriation bill.

Mr. REED. Mr. President, it is unreasonable to ask that a question be disposed of without any chance on the part of those on the other side to explain their stand. I object.

Mr. BLACK. As to the statement that it is without any chance for anybody to argue it, the Senator knows better than that. The Senator knows he can get up and present his side of the question. The Senator knows he can take all the time he wants to take in attempting to prevent it.

Mr. President, of course I can do no more in connection with bringing this up than to continue to discuss it. The Senate has agreed to take up the other matter. I simply want the Record to show just what has occurred. I want it to show in order that the Postmaster General may know, when he puts his signature on the contract, as I assume he will do to-morrow, that the eyes of the country can see. I want these gentlemen who are conducting this movement, and who believe they are going to get a reward by getting through a contract by this method, to understand that they can get it signed up if they desire, but no individual and no government is bound by a fraudulent contract. This Government will not be bound by the contract any more than an individual would be bound under the same circumstances. Let Senators conduct their filibuster. Let them prevent a vote. Let them try to get the last expiring bonus which a discredited administration can give to Mr. Brown. They will not get it. Congress will not make an appropriation to carry out a contract which has followed such a tortuous and devious and uncertain course.

Mr. GOLDSBOROUGH. Mr. President, I am interested in the matter under discussion, because it vitally affects the port of Baltimore in the State of Maryland. I have had some information given me on the subject, and I call upon the Senator from Alabama to tell me whether the information submitted is right or not.

As I understand it, his resolution provides that the Postmaster General be requested to postpone the awarding of the ocean mail contract from Philadelphia-Baltimore to Liverpool-Manchester, route No. 58-B—

until the matter can be more fully investigated and the soundness of the proposition more completely determined from the standpoint of the Government's interest and all the facts and circumstances involved.

If this be a crooked contract, I certainly shall not vote for it, but my information leads me to believe the contrary, and it is that information which I desire to submit to the Senator from Alabama and to other Members of the Senate to ascertain whether it is right or whether it is wrong.

The whereas clauses leading up to the resolution, I am told, are obviously in error. In the first place, the most thorough investigation of the desirability of awarding such contracts has been made by a subcommittee on merchant

marine consisting of representatives of the United States Shipping Board, of the United States Navy, the Department of Commerce, and the Post Office Department.

Mr. BLACK. Mr. President, does the Senator object to putting the names of those individuals in the Record?

Mr. GOLDSBOROUGH. I have not the names. The parent committee to which this subcommittee made its report, as I am further advised, consists of the Secretary of Commerce as chairman, the Secretary of the Navy, the Postmaster General, and the chairman of the United States Shipping Board. Those names, of course, the distinguished Senator from Alabama knows.

After investigating the desirability of an ocean mail contract on route No. 58-B, an advertisement was issued calling for bids for this contract and specifying that the boats must be 16-knot fast passenger boats, providing, in addition to carrying the mails, both passenger and freight service.

Whereas No. 2 of the resolution states that the proposed new steamship service competes with other American services already established. This is obviously in error, as there is no ocean mail line between Baltimore-Philadelphia and Liverpool-Manchester, and, so I am informed by the Post Office Department, there never has been.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. GOLDSBOROUGH. Certainly.

Mr. BLACK. I desire to read to the Senator from the hearing where it was admitted it was in competition with a line from his own city.

Mr. GOLDSBOROUGH. I think that is a mistake, because the line now existing from Baltimore does not touch at the points contemplated under this contract. On the contrary, both Baltimore and Philadelphia have for years been praying for service of this character, and if established it will give tremendous impetus to both American ports, and it is hoped will result in a very large increase in business.

Mr. BLACK. Mr. President, may I read to the Senator what was said?

Mr. GOLDSBOROUGH. I yield for that purpose.

Mr. BLACK. I read as follows:

Commissioner CONE. I would like to ask one or two questions. In what way do you propose to serve the other ports of this route, Hampton Roads and Baltimore? I mean with these four ships. How do you propose to run them? You have a direct route from Philadelphia to Liverpool?

Mr. BALL. Start at Baltimore, Hampton Roads, Philadelphia, and we sail from Philadelphia direct to Liverpool and Manchester. In turn we load back direct to Philadelphia. We go back to Hampton Roads, Baltimore, and Philadelphia.

Commissioner CONE. Then Hampton Roads and Baltimore would not have the direct service? You understand we have spent a good deal of money in building up those services from those ports.

Mr. BALL. Yes, sir; Hampton Roads would not.

Commissioner CONE. What effect would this have on the service that we have built up and just sold in those ports, in your opinion?

Mr. BALL. There is no use in ducking that question, Admiral. It would take cargo away from them.

Mr. GOLDSBOROUGH. The present steamship line does touch at Hampton Roads, but it does not go to Liverpool and Manchester.

Further, the establishment of the proposed Philadelphia-Baltimore-Liverpool-Manchester mail steamship service is merely another development in our merchant-marine policy which Congress has gone on record as favoring. It will permit the employment of vessels now in the service, which possibly would otherwise be laid up, and likely turned back to the Shipping Board, thereby the Government being the loser.

The fifth whereas states that the Merchant Fleet Corporation reported on February 6, 1933, that this steamship service is not justified. I can only say that I have been personally informed within the past few hours by the Second Assistant Postmaster General that the United States Shipping Board Merchant Fleet Corporation is cooperating in every possible way in this matter, is with the Post Office Department 100 per cent in recommending the establishment of the Philadelphia-Baltimore-Liverpool-Manchester ocean mail service, and representatives of the United States Shipping Board Merchant Fleet Corporation were members

of both the subcommittee and the parent committee recommending the desirability of awarding such contract.

Perhaps he may be right in that, but all I can say is that I have been personally informed within the past four or five hours by the Second Assistant Postmaster General that the United States Shipping Board Merchant Fleet Corporation is cooperating in every possible way in this matter with the Post Office Department 100 per cent in recommending the establishment of the Philadelphia-Baltimore and Liverpool-Manchester ocean mail service, and representatives of the United States Shipping Board Merchant Fleet Corporation, who were members of both the subcommittee and the parent committee, recommend the desirability of awarding such contracts.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. GOLDSBOROUGH. I yield.

Mr. BLACK. I have before me a statement of February 6 from the Merchant Fleet Corporation in which these words appear:

From this tabulation it will be noted that the establishment of a direct Philadelphia-Liverpool-Manchester service is not justified.

But later, at the end of the statement, it is said:

In the event it is determined that the proposed service is a necessary and essential service, and the board would consider permitting the United States Lines Co. to sell two or more of its B vessels for the establishment of the proposed service, it is recommended that it authorize the Fleet Corporation to negotiate the terms and conditions of such a sale with the United States Lines Co., subject to final approval thereof by the board.

I think there is no doubt they are cooperating in carrying this out, but they are cooperating after this statement made that the service is not justified.

Mr. GOLDSBOROUGH. Again let me emphasize the fact that I am advised that this matter has had the most sweeping and thorough investigation, and the adoption of a resolution of this character could have but one result, and that is to withhold from the ports of Philadelphia and Baltimore and the enormous territory feeding those ports, the natural development and accruing benefit that would promptly come from the establishment of this new route.

I wish to repeat, it in no way conflicts, as I understand it, notwithstanding the statement of the Senator from Alabama, with established routes, and it is but the providing of additional fast mail service greatly needed between the points mentioned.

Mr. ROBINSON of Indiana. Mr. President, I knew nothing about this contract until I heard the speech of my good friend from Alabama [Mr. BLACK]. I am very much interested in it now, as I think every Member of this body ought to be, for a reason that perhaps has not become so apparent as yet. I am assuming the statements made by the Senator are correct, and if they are, the very interests who would benefit from a \$10,000,000 subsidy are those behind the so-called National Economy League.

The National Economy League frankly would charge the depression as far as possible to the disabled veterans of America. More, the National Economy League, backed by the very interests which the Senator from Alabama has named, would undertake to balance the Budget of the United States at the expense of the disabled veterans of America. They seem to be habitually feverish. Since that term has been applied on numerous occasions in this debate, I use it now. They are feverish apparently in this matter. They seem to be afflicted with a continuing and consuming fever. Feverishly the director of this organization, the National Economy League, Mr. Curran, undertook to browbeat the House of Representatives into refusing to pass the independent offices appropriation bill because it carried an appropriation for disabled veterans. The House of Representatives very properly refused to be in any sense of the word influenced by that noble group.

Then the National Economy League turned its guns on the United States Senate and attempted to intimidate this body to prevent this body from passing the legislation because it carried appropriations for the disabled American veterans. This body independently refused to perpetrate

any injustice on those who have worn the uniform, and it passed the bill.

Now, just as feverishly, the same organization, the National Economy League, through its director, has the effrontery, I note by the papers this morning, to attempt to intimidate and browbeat the President of the United States, urging him to veto the bill because it carries these appropriations. I am assuming the President of the United States will refuse to be a party to any injustice to those who have defended the Nation in time of peril.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. In just a moment I shall be happy to yield to my friend, the Senator from Louisiana.

Before the joint committee investigating veterans' affairs Mr. Curran appeared. It developed that 17 men and women had contributed more than \$35,000 to a big slush fund of \$200,000 to be used in influencing legislation against the veterans. These 17 are among the wealthiest citizens of the United States. Their names are in the hearings, and may be found there by any Members of the Senate who desire the information. When we asked this man Curran, representing that aggregation of millionaires, whether or not they filed, or intended to file, any report with the House of Representatives as other organizations had done that are engaged in lobbying activities, in a perfectly insolent manner Mr. Curran said, "No; we file no reports."

Whom the gods would destroy they first make mad; and the testimony in the last few days of Mitchell and of some others before the Senate Committee on Banking and Currency has particularly and completely disgusted the entire country. "No," Mr. Curran said, "we make no report to anybody." That is how insolent they are.

Mr. President, I have just given the Senate instances showing how they have been undertaking to influence legislation all the way through Congress, and now they are undertaking to prevent the signing of that legislation by the President. That is the crowd the disabled veterans have had to deal with. That is the crowd, as I understand, the Senator from Alabama is now trying to deal with, and that is the crowd that feverishly always wants a subsidy. Ah, they do not hesitate for a second to take a subsidy of \$10,000,000 for themselves from the United States Treasury in these times of depression, but they would take \$12 a month from the disabled veterans of the United States with which to balance the Budget.

Mr. LONG. Mr. President—

Mr. BLACK. Mr. President, will the Senator from Indiana yield to me?

The VICE PRESIDENT. Does the Senator from Indiana yield; and if so, to whom?

Mr. ROBINSON of Indiana. I yield first to the Senator from Louisiana.

Mr. LONG. I was merely going to make a suggestion to the Senator from Indiana that I thought might probably be to our mutual benefit. I notice that a gentleman by the name of Kent, writing in the Baltimore Sun, who, perhaps is what is called a "ghost writer," of the Theodore Roosevelt family group, took the chance of describing the Senator from Indiana along with myself as demagogues, but credited the senior Senator from Nebraska [Mr. NORRIS] as not being a demagogue, because he did not know any better. I wonder if that has been called to his attention. [Laughter.]

Mr. ROBINSON of Indiana. I think that requires no answer, I will say to the Senator from Louisiana. Now I yield to my friend from Alabama.

Mr. BLACK. I started to call the Senator's attention to the fact that these people got \$45,000,000 in subsidies last year.

Mr. ROBINSON of Indiana. Yes, Mr. President; and the very people who would be the beneficiaries of these subsidies are those who are now fighting against the disabled veterans of the United States and who say insolently to the committee, authorized by this body and the one at the other end of the Capitol to go into veterans' matters, that they make no report to anybody, that they are above the law. I

think there is a great deal in what has been said by the Senator from Alabama.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. ROBINSON of Arkansas. Mr. President, I should like to have Senators present to hear the brief remarks I am going to make.

Mr. LA FOLLETTE. Mr. President, will the Senator from Arkansas yield to me for the purpose of suggesting the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Arkansas yield for that purpose?

Mr. ROBINSON of Arkansas. Yes.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Keyes	Schall
Austin	Couzens	Kling	Schuyler
Bailey	Dale	La Follette	Sheppard
Bankhead	Dickinson	Lewis	Shortridge
Barbour	Dill	Logan	Smith
Barkley	Fess	Long	Smoot
Bingham	Fletcher	McGill	Stelwer
Black	Frazier	McKellar	Stephens
Blaine	George	McNary	Swanson
Borah	Glass	Metcalf	Thomas, Idaho
Bratton	Glenn	Moses	Thomas, Okla.
Brookhart	Goldsborough	Neely	Townsend
Broussard	Gore	Norbeck	Trammell
Bulkley	Grammer	Norris	Tydings
Bulow	Hale	Nye	Vandenberg
Byrnes	Harrison	Oddie	Wagner
Capper	Hastings	Patterson	Walcott
Caraway	Hatfield	Pittman	Walsh, Mass.
Carey	Hayden	Reed	Watson
Clark	Hebert	Reynolds	Wheeler
Connally	Johnson	Robinson, Ark.	White
Coolidge	Kean	Robinson, Ind.	
Copeland	Kendrick	Russell	

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, what I shall say relating to the pending conference report will require only a few minutes; and I should like very much to have the attention of those who are interested in the independent offices appropriation bill.

When the bill came before the Senate there was just one fight in it; everyone knew that to be true. That fight related to the appropriation for the Federal Trade Commission. The body at the other end of the Capitol had reduced the appropriation compared with the fund made available to the commission last year 65 per cent.

The Senate committee, anticipating criticism on account of the discontinuance of an investigation regarded as of great importance which inevitably would result if additional funds were not provided, increased the amount from \$500,000 to \$780,000, and specifically provided that \$280,000 of that amount should be used for the sole purpose of continuing the utilities investigation, leaving such an amount for the normal and other activities of the Federal Trade Commission as would have made it physically and morally impossible for the tribunal to function effectively.

I make that statement and propose in just a few minutes to produce some figures which it is believed will establish that conclusion.

There are three divisions in the Federal Trade Commission, the administrative, the economic, and the legal division. For the fiscal year 1931 the administrative division had, in round numbers, \$433,000; the economic division had more than \$685,500; and the legal division had \$636,000, in round numbers.

For the fiscal year 1933 these figures were, respectively, administrative, \$334,000; economic, \$435,000; and legal, \$623,000. I am not quoting the exact figures, the round numbers being sufficient for my purpose.

For the fiscal year 1934, as submitted by the commission, these sums were reduced. The commission itself, responding to the demand for economy, reduced its estimate by 11 per cent, compared with the previous year, and submitted a recommendation for \$1,300,000, to be used by all three of the divisions to which reference has been made. The Bureau of the Budget reduced that by 25 per cent, or, to be

exact, 24½ per cent, and recommended a total of \$1,195,000. The House of Representatives more than cut that sum squarely in two and passed a bill containing an appropriation of \$507,000 for the Federal Trade Commission, being \$227,000 plus for the administrative division, \$272,000 plus for the legal division, and not a dollar for the economic division.

It thus becomes apparent that the policy of the body at the other end of the Capitol was to terminate those duties and functions on the part of the commission which we call "economic," having relation to investigations of complaints and of various violations of the laws of fair trade and competition.

The Senate committee, as I have already stated, responding to what was recognized as a well-nigh universal public sentiment in favor of completing the investigation of the public utilities, added \$280,000, and let it go at that.

When this issue arose in the Senate it was well known by everyone here that the Senate was overwhelmingly in favor of increasing this appropriation so as to make it possible for the commission to perform its functions with a fair degree of efficiency. I make that statement, and I should like to have any Senator who doubts the correctness of it challenge it now, because it is the basis of such further argument as I intend to make.

The vote here in the Senate, if a record had been made, would have been almost overwhelming in favor of the amendment that I proposed; and in order to save time, the Senator in charge of the bill, recognizing that fact, conceded the amendment; it was accepted and carried into conference.

Mr. ASHURST. Mr. President—

Mr. ROBINSON of Arkansas. I yield to the Senator from Arizona.

Mr. ASHURST. The Senator from Arkansas is performing one of the most valuable services he has ever rendered. The action of the conferees in reducing the amount of money appropriated for the Federal Trade Commission would justify the Senate in rejecting the conference report and in killing the bill.

Mr. ROBINSON of Arkansas. Let me thank the Senator from Arizona. I am going to conclude my remarks with a suggestion along that line; but I wish first to pursue the thought that was in mind a moment ago when I was interrupted.

Let me repeat:

The Senator in charge of this bill accepted the amendment, and there was debate following that. One Senator evidently thought it was necessary to establish strongly the reasons for the amendment, and he took the floor and debated the matter at some length.

When the bill went into conference, about the first thing that was done on the part of the Senate conferees was to yield the only issue made in the Senate of great importance; and they brought back the bill here substantially the same as reported by the Senate committee. In other words, the Senate conferees receded from the Senate's position, and took the position of the Senate Committee on Appropriations. So far as I can now recall, there is slight difference between the conference report and the report made to the Senate by the Appropriations Committee. They left the matter so that it is now necessary for the Senators to determine whether they wish to destroy the Federal Trade Commission, whether they wish to terminate the performance of its functions as an economic fact-finding body, or whether they wish to give it that reasonable and necessary support which we all recognize is essential to the fair discharge of the duties for which the commission was created.

The reduction that was made by the body at the other end of the Capitol, I have already stated, meant a substantial scrapping of the commission following the conclusion of the utility investigation. It meant that through a policy of denying necessary funds the Congress was going to destroy the commission, and place it in a situation where it could do nothing more than finish some of the work which it has already undertaken. The body at the other end of the Capitol, as I have said, authorized \$500,000,

whereas the Budget had recommended \$1,195,000; and that the Budget recommendation was a 25 per cent reduction over the appropriation which we made available for the commission last year. Out of that \$500,000 the salaries of the commissioners and the expense of their offices, the expense of the secretary's office, the expense for the sections of accounts and personnel, docket, mail, files, and so forth, all must be maintained. There would remain only between \$300,000 and \$350,000 for all other purposes of the commission, including supplies, travel, witness fees, salaries, reporting service, and so forth. This would mean almost a complete elimination of law-enforcement work and almost a total abolition of the economic division.

I have been quoting for the last minute from a statement furnished at my request by a representative of the commission. "With only \$10,000 for printing, it would be impossible for the commission to enforce its orders to cease and desist."

I make the statement, upon the authority of facts which is believed to be well founded, that the issue involved in this item of appropriation is whether we are going to abolish the Federal Trade Commission; for we had better abolish it after the conclusion of the utilities' investigation than so impair its effectiveness, so reduce its resources, that it can not do the things which it is intended to accomplish.

The statement was made by my friend the Senator from Utah [Mr. Smoot], while the Senator from Alabama was interrupting him, that the House conferees proved unyielding in their attitude on the amendments in this bill. I am going to ask the Senate to reject this conference report; and I am telling the Senate now, upon information which I believe to be correct, that if the conference report is sent back there is more than a fair prospect, there is a strong likelihood, that the amendment which the conferees yielded so quickly will be retained in the bill.

I am not quoting anyone. I am expressing an opinion as the result of inquiries made. It would be regrettable to take the indirect course of abolishing this commission or of "hamstringing" it by denying it the funds that we know are necessary to enable it to accomplish anything of substantial importance.

I repeat, I ask that the conference report be rejected.

Mr. BLACK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Alabama?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BLACK. I desire to ask the Senator if it is his idea to instruct the conferees not to reduce the appropriation in any amount.

Mr. ROBINSON of Arkansas. No.

Mr. BLACK. But I imagine, from what the Senator says, that he believes we should hold for the full amount of the appropriation.

Mr. ROBINSON of Arkansas. That is my intention and my purpose; but I am entirely content to have the conference report rejected and let the bill go back to conference.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me before he sits down?

Mr. ROBINSON of Arkansas. Certainly.

Mr. ROBINSON of Indiana. I desire to ask the Senator from Arkansas if it is not a fact that the amendments offered by him to this bill, which I was very happy to support myself so far as I could, were absolutely necessary, and the lowest sum with which the commission could properly function and do the work assigned to it?

Mr. ROBINSON of Arkansas. Mr. President, I thought that was true, and I stated to the Senate the incidents that occurred with respect to the appropriation—the reduction that was made first by the commission itself in submitting its estimate; the further reduction that was made by the Budget Bureau; and the fact that the commission, even if it gets every dollar that we propose to give it in this appropriation, will have only a little more than two-thirds as much as it had for the fiscal year 1933.

Mr. ROBINSON of Indiana. Mr. President, I want to corroborate what the Senator has just said by some figures

that are in my own possession—that the commission's estimate for the fiscal year 1934 would take care of a permanent staff of 376 employees, which they badly need to do their work. That would still be a reduction of 91 below the commission's estimate for 1934; but if the measure as it passed the House should prevail, the permanent staff would be reduced to about 131 employees instead of 376.

Mr. ROBINSON of Arkansas. Yes.

Mr. ROBINSON of Indiana. That would be a reduction of 205 below the estimates of the Bureau of the Budget, and 296 fewer than the estimates of the commission.

Mr. ROBINSON of Arkansas. The House provision impairs the effectiveness of the commission to a point that approaches uselessness.

Mr. ROBINSON of Indiana. Precisely.

Mr. ROBINSON of Arkansas. And the Senate committee report, which is substantially the same as the conference agreement, does nothing more except it provides a fund to carry on the utilities' investigation.

Mr. LA FOLLETTE. Mr. President—

Mr. ROBINSON of Arkansas. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. To show that the amendment offered by the Senator from Arkansas was a very minimum amount, may I point out that if that amount should prevail it would mean that the Federal Trade Commission, even so, has sustained a 45 per cent reduction in the last two years.

Mr. ROBINSON of Arkansas. Yes. Let me add that for the fiscal year 1932 the funds made available for the commission in its three divisions already referred to were \$1,763,821.32. The amount that we are asking here, all told, is \$1,101,000 plus; and I leave the Senators to carry out the comparison to their own proper conclusion.

Mr. SMOOT. Mr. President, I just want to correct one statement that the Senator made in relation to the printing and binding, where the House did yield to the Senate amendment.

The House provided \$10,000, and the Senate made the amount \$20,000, and the House agreed to that.

Mr. ROBINSON of Arkansas. If I said anything to the contrary, I did not intend to do it, because I understood that that was true; and may I say that that is the only difference between the Senate committee report and the conference report.

Mr. SMOOT. That is true.

Mr. ROBINSON of Arkansas. I said it was substantially the same, and I should have made that statement.

Mr. SMOOT. Mr. President, I want to say just a word.

The conferees of the Senate recognized the fact, and I recognize it now, and I knew just as well when we finally agreed upon the amount that it was not going to be satisfactory on the floor of the Senate as I know it this minute; but the conferees on the part of the House really did not want to yield to the \$780,000—or, in other words, \$280,000 more than the \$500,000 that they first had in the bill.

If we go back to conference—and I think we shall—we will go back there with a direct vote of the Senate of instructions, and we will stand for the position of the Senate just as long as we can; and I think before we would yield on it we would come back and ask for the further instructions of the Senate.

I can not say any more than that; and I want Senators to understand that the conferees on the part of the Senate had this very thing in mind. It was the only way in which we could reach any kind of a decision, and we had only a few days in which to do it.

I wanted to get it back here, and I want the Senate now to act upon this item; and, if it is sent back, the conferees of the Senate will go instructed directly by the Senate to insist upon the amount that has been voted into the bill by the Senate. That is all there is to it, and for that reason I want to say to the Senator from Arkansas that I have no objection at all, but we will go back to the conference instructed by the Senate upon this item. This is the only item in dispute in the conference. Then we will know just what position to take, and if the conferees on the part of

the House will not yield, I can come back and say to the Senate that they will not, and it will be a question between the Senate and the House as to whether the amount granted will be accepted, relying upon an appropriation of an additional amount in the next session of the Congress or even in the special session which may be had on the part of the incoming administration.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. WALCOTT. I would like to ask the Senator a question for the sake of clearing up the record. Will the Senator be good enough to tell us the amount of money that was appropriated a year ago, and then the highest amount that was intended to be appropriated this year?

Mr. SMOOT. In round figures they asked for \$1,300,000. The Budget recommended \$1,195,000. The House gave them \$500,000, and in the committee we added \$280,000, to take care of what we absolutely knew they must have, and we so reported, in order to enable them to make their final report upon the investigation of the utilities. That is the situation just as it is.

Mr. WALCOTT. Just one more question, and I am asking this in order to find out what figure would complete the work the commission has on hand. I have talked with them several times, and they need a certain sum, and I do not know just what that sum is.

Mr. SMOOT. They need \$280,000 to complete the utilities' investigation. That is what the Senate committee added over and above what the House gave them. The Senate thought that, instead of the \$780,000, they wanted appropriations to keep the employees they have there until the investigation is finally disposed of, and the amount voted was \$1,081,500.

Mr. WALCOTT. I think that clears the record up.

Mr. NORRIS. Mr. President, I do not want to repeat what I said when the bill was before the Senate a few days ago. Yet I can not resist saying that this is an annual contest. It has been here ever since the Federal Trade Commission was directed to investigate the Power Trust. Every year we have had the same thing. Every year an appropriation has been reported from the committee that was not sufficient to carry on the work. Every year the Senate has increased it. Every year it has gone to conference, and every year it has come back from conference with a good share of the increase that was put on in the Senate entirely eliminated from the bill.

This year the conference committee were in session, I understand, for a whole half hour. Thirty minutes they fought! For 30 minutes the Senator from Utah labored in the sweat of his brow and shed the blood of his heart in order to back up the action of the Senate. But, completely exhausted from his terrible struggle, he finally yielded, and gave up what the Senate had put in. He had done it so often, he was so used to it, that it came as a natural consequence.

Mr. President, if this had happened only once, I would not feel as deeply about it as I do. It has seemed to me there has been from some quarters a determined effort every year to kill the Federal Trade Commission. I think last year in the debate I read a quotation from the then chairman of the commission in which he said they did not want this investigation at all, that the President did not want it, did not think that there ought to be any more money spent in making it.

It is true that three Presidents have been against this investigation, and that there is a member of the commission opposed to any investigation. I say that in the best of feeling. I concede that a man has a right to feel that way. Mr. Humphrey, a member of the commission, an able, courageous man, is opposed, and has been from the beginning opposed, to any investigation of the Power Trust; or, for that matter, to the investigation of almost any other trust. That is the way he believes. He is sincere in that belief. I respect him in his opinion. Nevertheless, I can not see how the Federal Trade Commission can exist and carry on

this investigation, the most important one that has ever been put up to them, if they do not have this appropriation. The investigation is one which I think has done more good for the great, common people of America than any other investigation that has ever been made. It has shown this giant octopus. The evidence has disclosed a sufficient amount of testimony so that they themselves have surrendered and reorganized under another name. I went into that fully the other day, and I am not going into it again now.

Mr. President, from these various sources for the last 12 years has come this unseen influence that has been sufficient every year to cut down the appropriation, so that if the Senate had not raised it, this investigation of the great Power Trust and the public-utility concerns in the United States would have been crippled, if not entirely destroyed.

In the last days of a Congress, when there are but few days left, the Senate conferees come back here again, surrendering everything the Senate put in the bill, and evidently with the idea that there are just a few days more of the session, and that, with a lot of important legislation on the calendar, Senators would feel the necessity of accepting the report as made for fear they might not get anything.

Mr. President, unless the Senate takes the matter in hand, unless the Senate will refuse to accept the report, we will have laid down at the command and from the influence of the same Power Trust which for 12 years has been covering this country with the most sinister propaganda that was ever conceived in the mind of man.

There seems to be some doubt in the minds of some Senators. Naturally, there would be, because from some sources in the commission comes quietly the word that they do not need any more money. There seems to be some doubt in the minds of some Senators whether the Federal Trade Commission really needs money properly to carry on and complete its utility investigation, and write the important reports which the facts revealed call for.

Senators must not forget that one of the most important things is to prepare and submit to the Senate, under the resolution we passed, the reports of their investigations. Evidence covering many, many volumes will have to be condensed, and the reports made to the Senate. It will be a great task to make the report in this particular investigation, and will cost a good deal of money. To be able to give the Senators facts which speak for themselves, the monthly reports of the utility investigation have been checked to see what has been done, and to compare that with what remains to be done. Such a check establishes conclusively three points.

First, it is not possible for the staff of the commission to complete the work in process and put the reports and testimony thereon into the record by July 1. The first reports on the financial structure and practices were ready, and their presentation was begun on February 24, 1930. These appear in parts 21 and 22. Including the January, 1933, report, 30 reports, in 25 volumes, have been presented.

In these 25 volumes are 99 major accounting reports. To prepare these, plus the necessary but shorter accompanying reports on interstate commerce, service and management contracts and charges, control and interlocking ownership and directorates, required hearings on 199 days. Taking the list presented to the Senate Commerce Committee of companies on which work is in process, there will be required 90 to 100 major accounting reports, depending on how many should and can be consolidated. In addition, at least for each new group, there must be prepared and put in the other shorter but important reports on interstate commerce, management and supervision, relations and charges imposed on the operating companies, and reports to show interlockings and control through ownership, and by identical personnel of officers and directors.

Second, if no other companies than those now in process are examined, it will require a good-sized staff a considerable time after the record is made up to digest the records and write the kind of a report and considered recommendations which the Senate has requested.

For each of the above, funds and personnel are required during the entire next fiscal year.

which no work has been done, but which should be examined to fairly complete the investigation, this would require a minimum of 35 or 40 major accounting reports. This will require time, money, and men.

Third, if to the above list are added those companies on which no work has been done, but which should be examined to fairly complete the investigation, this would require a minimum of 35 or 40 major accounting reports. This will require time, money, and men.

Mr. President, there are 22 of these great corporations which have not been touched. I gave the Senate a list of them when the bill was before the Senate. I have a list in my hand now. Among that number is the Commonwealth Light & Power Co. I am not going to read them all, because the list was all put in the RECORD when we had the bill before the Senate. There is the Commonwealth & Southern Corporation and its subsidiaries, a large number of utility corporations, as will be seen if Senators will look at the RECORD. There is Stone & Webster, one of the big corporations of America, engaged in the utility business almost all over the United States. They have not yet been touched.

I want to invite the attention of the Senate to just one thing that the investigation will bring out in connection with others. I happen to know about this one. Stone & Webster was the corporation that built the Keokuk Dam. It is one of the great dams of the world. The very day they finished it they turned it over to a new corporation. That day they put \$20,000,000 of water into the corporation. That is one of the companies that has not yet been investigated. That one act involved \$20,000,000 upon which the people of the great Middle West are apparently supposed to pay a return through all eternity. When we investigate that company clear through, it will be found undoubtedly that there are many more millions of water in it.

Then there are other power companies that have never been investigated. There are others that are very important to investigate, and unless this money is allowed they never will be investigated. It is idle to say that we will stop the investigation now and commence it again a year from now. Here is a trained organization of experts in the employ of the Federal Trade Commission. Without this appropriation the commission must discharge every one of them. That great organization will be scattered all over the country. Commence again a year from now and we will have to get a similar organization together again, which would be a practical impossibility.

Mr. ROBINSON of Indiana. And the investigation was ordered by the Senate.

Mr. NORRIS. Absolutely. I thank the Senator. They were ordered to make the investigation. The 22 corporations that are left uninvestigated are just as important as those which have been investigated. I have mentioned the names of some which are among the most important in the United States. Are we going to destroy the personnel of this great organization which is competent and ready to continue the investigation if we provide the funds?

So far as I am concerned, even if I knew now that the defeat of the conference report would kill the bill at this session, I would not hesitate for a moment to vote to reject it. Unless we do something of that kind the Senate will find itself helpless through the silent influence of this the greatest combination that was ever put together in the history of mankind.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. Certainly.

Mr. LONG. I am wondering if this is a part of the economy program to cut down appropriations?

Mr. NORRIS. If we take the bill as it is presented in the conference report, it means the death of the economic division of the Federal Trade Commission.

Mr. LONG. What they have done might as well not have been done?

Mr. NORRIS. Practically so. In other words, we have a job that is not finished and nobody can say until it is finished just what it all amounts to.

Mr. LONG. How much have they cut out of the Federal Trade Commission? I ought to know, but I do not.

Mr. NORRIS. There was a reduction of about 65 per cent, I believe.

Mr. McKELLAR. Mr. President, if the Senator will permit me—

Mr. NORRIS. Certainly.

Mr. McKELLAR. The appropriation was cut down to \$500,000. The Senate committee raised it to \$780,000, and the Senate then raised it to the amount of the Budget estimate. If the Senator from Nebraska will allow me further, I want to say that I think it would be poor economy indeed not to go on and complete the investigation.

Mr. NORRIS. There is no doubt that the most economical thing to do is to go on and give the commission funds to complete the investigation.

Mr. SMOOT. Mr. President, I want to say, however, that the commission itself said that \$280,000 would finish the investigation.

Mr. NORRIS. There is testimony to that effect. I understand that, and I am not finding fault with some of the members of the subcommittee for relying on that testimony. But I tried to convey to the Senate, when I began my remarks, that in the commission itself are influences which are trying to destroy the investigation. Do Senators want to know the truth about it? Let them read the letter written by Mr. Healy. Mr. Healy is the attorney who has been in charge of the investigation from the beginning. He is the chief counsel. On the 2d day of February, this present month, he wrote a letter to the senior Senator from Montana [Mr. WALSH] in which he outlined just what was necessary and what would happen, in his judgment, if the bill were passed in the shape in which the committee reported it to the Senate. In that report the committee had allowed the \$280,000. Mr. Healy, necessarily, knows more about the management of this investigation than any other man on earth. If it were not for taking up the time of the Senate I would read his letter. It is in the hearings, on page 41, and any Senator can read it there. I believe the Senator from Arkansas [Mr. ROBINSON] put it in the RECORD the other day when we had the bill before us. It is, to my mind, a demonstration of the fact that if we had stopped then we would at least have killed the economic division and I do not think we ever would have completed the investigation of these utilities.

Mr. President, I showed the other day by the charts I had on the wall of the Senate Chamber how these great combinations were combined mostly under the leadership and domination of Morgan & Co. I have prepared another chart that shows the control of one corporation—just one. Most of the corporations shown on the chart now on the wall have not been investigated. Some of them are now in process of investigation. It is estimated that at the end of this fiscal year the commission will be able to complete the investigation of 50 per cent of the corporations shown on the chart.

Wall Street is the headquarters of the United Corporation, a corporation dominated by Morgan. It has nothing to do with anything except public utilities. They organized it several years ago. I gave a list of the subsidiary corporations when we had the bill before the Senate on a previous occasion. I gave a list of the subsidiary corporations of the United Corporation. It is estimated that by the end of the present fiscal year 50 per cent of the corporations named on the chart will have been investigated and 50 per cent will remain uninvestigated. Among the number uninvestigated will be the 22 whose names I placed in the RECORD, including the Commonwealth & Southern, and Stone & Webster.

United Corporation was organized by Mr. Morgan just a few years ago. The newspapers were full of it at the time. I have in my hand a list of the subsidiary corporations directly controlled and the corporations indirectly controlled by United Corporation. For instance, United Corporation has invested in the Mohawk-Hudson Power Co. \$6,673,590. It has invested in the Public Service Corporation of New Jersey \$78,461,600. It has invested in the United Gas Improvement Co. \$214,448,420. It has invested in a group in-

cluding the Allied Power & Light Corporation, the Columbia Gas & Electric Corporation, and the Columbia Oil & Gas Corporation, a total of \$141,757,286. In another group of corporations it has invested \$67,909,691. In still another group it has invested \$35,590,010. In another group it has invested \$24,825,554, and in another group \$23,159,707. These make total investments in the corporations that it controls through the ownership of stock and voting certificates of \$592,821,856. Then it has invested in seven or eight other corporations in which it does not own or control a total of \$23,159,707.

It will be remembered from the charts I had here the other day how the financial control of all these interests went back to a few of the great banking institutions which were themselves interlocked among each other, so we could not tell one from the other. When we put them all together we had the control of 87 per cent of the generation of electricity in the United States.

There are some peculiar things about these companies. Here is the United Corporation, which owns the Public Service Corporation of New Jersey and the United Gas Improvement Co. through the ownership of common stock. They control the Niagara Falls Power Corporation through ownership of stock. Just notice the ramifications of these two corporations. In turn, the Niagara Hudson Power Corporation owns 72 per cent of the United Gas Improvement Co. There is no stopping place. One corporation owns another corporation, and that corporation owns a string of other corporations. They are all eating each other. They are swallowing each other. Sometimes they are engaged in the same occupation with two corporations eating each other by owning each other's stock. So that they cross and criss cross until it is beyond the possibility of human ingenuity to unscramble the great scrambled egg. Look at this chart [indicating], Senators. That represents only one corporation, just one holding company, doing business with subsidiaries in 40 States of the Union, in some places having a monopoly and in other places not having a monopoly; but if one would investigate he would find out that in 90 cases out of 91 where they do not have a monopoly they are in competition with themselves; some other corporation controlled by the same financial interest will be found competing with the various corporations that are generating electricity. Every one of these dots [indicating] represents a generating plant, and always some other corporation, though sometimes it will be four or five degrees removed from the United Corporation, will be connected with it. Fifty per cent of them will be uninvestigated unless we continue this appropriation.

So, Mr. President, I have no apology to offer for my position on this question on the ground that there might be some danger if this report should be rejected that we will not get another chance to consider it. Senators will remember what the Senator from Arkansas said about it. I have not a particle of doubt if the Senator from Utah and his associates had fought half as hard to get something for the people on this report as they have tried to forget what the people need and what the people want, we would not now have this conference report before us in the shape in which it is. We would have something out of it. We will have lost everything; there will be not anything left to speak of, if this conference report shall be approved.

Therefore, Mr. President, I hope the Senate will reject the conference report, and, if it does, I have no doubt that another report will be submitted in a form which will be much more acceptable than the report now before us.

Mr. LA FOLLETTE. Mr. President, I wish to subscribe to everything the Senator from Arkansas [Mr. ROBINSON], and particularly the Senator from Nebraska [Mr. NORRIS], have said concerning the power investigation and its importance. There is one aspect of this situation, however, which has not been emphasized and to which I wish to invite the attention of the Senate.

The Federal Trade Commission is the only body of economic research under the Federal Government which has direct relations with trade practices and corporate organi-

zation. To-day we are confronted with economic problems the complexity of which has never been before equaled in the history of the modern world. To destroy, to cut off, to dispense with the services of the economic division of the Federal Trade Commission at a time like this would, in my judgment, be somewhat akin to the folly of dismissing all doctors in the face of a widespread epidemic.

The commission has already adopted a resolution, Mr. President, providing for an investigation of the corporate structure of industrial and other corporations in the United States. I think every person recognizes the importance of such an investigation, but unless the amount provided in the amendment offered by the Senator from Arkansas and adopted by the Senate shall be retained in conference, it will be impossible to carry on that investigation.

Therefore, Mr. President, for the reasons stated by other Senators and those to which I have alluded thus briefly, due to the lateness of the hour, I hope the Senate will reject the conference report.

Mr. SMOOT. Mr. President, outside of this one amendment, there is nothing of importance in disagreement, because the most of the changes are merely to correct totals and words that were jumbled in one amendment. Therefore it seems to me the proper thing, if we are going to do anything with the report, is to reject it in its entirety, and let everything come back in one report after another conference with the House. To that I have no objection.

Mr. NORRIS. Mr. President, it occurs to me, in order to make the record as impressive as possible for the effect it might have on the conferees, that we ought to have a roll call on the question.

Mr. SMOOT. I do not think there is any question but that the vote will be unanimous.

Mr. NORRIS. With the understanding that the action we are about to take will be unanimous—

Mr. SMOOT. That is right.

Mr. NORRIS. That there is not any objection, and that we have the consent of the Senator from Utah, I will not ask for a roll call.

Mr. SMOOT. That is all right.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was unanimously rejected.

Mr. SMOOT. Mr. President, I move that the Senate further insist on its amendments to House bill 14458, making appropriations for the Executive Office and sundry independent offices, and so forth, request a further conference with the House of Representatives, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and Mr. SMOOT, Mr. KEYES, Mr. HALE, Mr. GLASS, and Mr. COPELAND were appointed conferees on the part of the Senate.

PRODUCTION COSTS OF ULTRAMARINE BLUE

Mr. BARBOUR. Mr. President, I ask unanimous consent that the Committee on Finance be discharged from the further consideration of Senate Resolution 359.

Mr. BRATTON. Let the resolution be reported.

The PRESIDING OFFICER. The clerk will report the resolution for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 359) submitted by Mr. BARBOUR on the 15th instant, as follows:

Resolved, That the United States Tariff Commission is hereby directed to investigate, for the purposes of section 336 of the tariff act of 1930, the difference in the cost of production between domestic ultramarine blue and foreign ultramarine blue, and to report at the earliest date practicable.

The PRESIDING OFFICER. The Senator from New Jersey asks unanimous consent that the Committee on Finance be discharged from the further consideration of the resolution.

Mr. SMOOT. Mr. President, I have no objection to the resolution, but I do not like it to appear that the Committee on Finance is being discharged from its further consideration.

Mr. GORE. Mr. President, I object.

The PRESIDING OFFICER. The Senator from Oklahoma objects.

ORDER OF BUSINESS

Mr. BLACK. Mr. President, I hope we may now have a vote on my resolution if we are ready to vote.

Mr. REED. I suggest the absence of a quorum.

Mr. McNARY. Will not the Senator withhold that motion?

Mr. REED. Very well; I will withhold it at the request of the Senator from Oregon.

Mr. BLACK. Do I understand the Senator from Pennsylvania objects to voting on the resolution now?

Mr. REED. Yes.

Mr. BLACK. I ask unanimous consent that the Senate meet at 10 o'clock to-morrow morning, with the understanding that the Senator from Pennsylvania, if he desires, shall be given the time from then until 12 o'clock to discuss the resolution, and that the Senate shall vote on it at 12 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. REED. I have to attend a meeting of the Joint Committee on Internal Revenue Taxation to-morrow morning at 10 o'clock and a number of other Senators also have to attend that meeting.

Mr. BLACK. Then I ask unanimous consent that the Senate adjourn until 11 o'clock, with the understanding that this resolution shall be discussed and that a vote shall be had on it at 12 o'clock to-morrow.

Mr. NORRIS. Mr. President, I was going to suggest a while ago, but I could not get recognition at the time, why not vote on this resolution at 6 o'clock this evening and agree that as much of the time between now and 6 o'clock—which will be 35 minutes—as the Senator from Pennsylvania may want shall be at his disposal?

Mr. REED. No, Mr. President.

Mr. BLACK. Mr. President, of course there are a great many Senators who did not know we would likely be called to stay here to-night. For that reason and because I understand that a great many Senators have engagements which they would very much regret to break, I do not desire to insist that the Senate remain here to-night, but I do think the Senate should remain in session until 6 o'clock, in order that the Senator from Pennsylvania may have time to discuss this resolution, that then we should adjourn until 10 o'clock in the morning, and that the resolution be discussed until 12 o'clock, at which time the Postmaster General is supposed to open bids and will probably sign some kind of a contract unless action shall be taken by the Senate.

Mr. McKELLAR. An alleged contract.

Mr. BLACK. An alleged contract. I should like to know from the Senator from Oregon if it would not be all right to remain here until 6 o'clock and let the Senator from Pennsylvania discuss the resolution.

Mr. McNARY. Mr. President, I should like to accommodate the Senator from Alabama, but there are a number of Senators who have an important meeting which they desire to attend this evening, and, in order to accommodate them, I think it would be desirable that the Senate should now take a recess.

Mr. BLACK. I shall not object to leaving here in time to allow Senators to attend that meeting. I was asking if six o'clock would be too late?

Mr. McNARY. I am afraid it would be.

Mr. BLACK. Then I move that when the Senate concludes its business it adjourn until 10 o'clock in the morning.

Mr. REED. I suggest the absence of a quorum.

Mr. McNARY. Will not the Senator withhold that motion? I am sure there are a number of important committee meetings in the morning, and I think 11 o'clock is about as early as we would be able to get a quorum in the Senate.

Mr. McKELLAR. Mr. President, that means that the filibuster will continue until these people, these highjackers, get some sort of an alleged contract. That is what it means.

Mr. NORRIS. Mr. President, I should like to make a suggestion to the Senator from Alabama. Why not stay right here now and vote down, if we can, a motion to take a recess and proceed as long as we can?

Mr. McKELLAR. I think we ought to do that, although I am very sorry to discommode any Senator.

Mr. NORRIS. I think we ought to do that. It is the duty of Senators to be here.

Mr. BLACK. Mr. President, I myself have no objection. I simply did not want to be placed in an unfavorable attitude. I think that there is nothing more important than to try to prevent the signing of this contract.

Mr. NORRIS. If we can succeed in voting down the motion for a recess or an adjournment, the resolution will be before the Senate, will it not?

Mr. BLACK. I desire to state that I feel about it just as was expressed by the Senator from Tennessee. I think there are a great many people in this country who have about reached the conclusion that the hour has come to let this group know—and Mitchell is but one of many others who have not been caught—that it is about time for them to cease to attempt to hold up the people of this Nation and to rob them. I think this proposed contract is a part of the nation-wide system of robbery; and I think there is nothing more important than for the Senate to do what it should to stop it. I think it would be highly gratifying and interesting to know what excuse any man can offer on his feet against a resolution which does not seek to defeat the signing of the contract but merely sets forth that the evidence before the Senate shows that there is an effort to obtain a decision from a prejudiced source and that all that is desired is that it be delayed until an unprejudiced tribunal can act upon it.

Mr. McNARY. I am sure the Senator from Alabama wants to be accommodating.

Mr. BLACK. I do.

Mr. McNARY. I explained to him the situation early in the afternoon. A number of Senators want to attend an important meeting to show their affection and devotion to some of the illustrious Senators who are about to depart from the Chamber. The affair has been arranged for some time; it is necessary for them to get to their homes and to prepare for the occasion; and I hope the Senator will not object to the request that I make that the Senate take a recess now until 10.30 to-morrow morning.

Mr. ROBINSON of Arkansas. I suggest that the Senator make it 10 o'clock.

Mr. McNARY. In order to meet the present situation, then—

Mr. REED. Mr. President, if the Senator will yield to me, I naturally have a faint interest in the proceedings, because constituents of mine are being accused quite unwarrantedly of fraud and corruption and what not. I should like to attend the meeting of the joint committee to which I have referred. I was told by Mr. Parker, the expert of the joint committee, that to-morrow's meeting of the joint committee is to be very important and that we ought all to make an effort to be there. I am not trying to filibuster on this matter.

Mr. McKELLAR. I do not see why a meeting of the Joint Committee on Internal Revenue Taxation, which did not meet for years until a short time ago, should be so important just at this time. I hope the Senator will insist upon his motion to meet at 10 o'clock in the morning. There is nothing more important than saving to the American taxpayers the \$10,000,000 that is about to be taken out of the Treasury of the United States.

Mr. REED. Mr. President, this subvention is not \$10,000,000. It is \$5,000,000 over a period of 10 years; but that is just about as nearly correct as the people who challenge this proposal are in all their other statements.

Mr. McKELLAR. It has been stated on the floor of the Senate a dozen times to-day that the amount involved was \$10,000,000, and it was not challenged before. I have not seen the contract. This alleged contract is a secret arrangement. It has not been brought out voluntarily. It has

been ferreted out by the Senator from Alabama [Mr. BLACK], and it is a disgraceful, a wicked proposal from beginning to end.

While I should hate to inconvenience any Senators, I think the Senate either ought to stay in session here to-night or we ought to meet to-morrow morning at 10 o'clock, and allow any statements or arguments to be made, and then vote to prevent this infamous thing, this wicked thing, this disgraceful thing, this scandalous thing, from happening to-morrow at 12 o'clock.

Mr. REED. Mr. President, if the Senator will yield to me, I should say that was a fair example of the judicial mood in which the Senate is about to proceed to declare this contract void without—

Mr. McKELLAR. Why, you have not got a contract yet.

Mr. REED (continuing). To declare it void in advance, without hearing both sides of the matter; and it is a fair illustration of the tender mercy that we will get after the 4th of March if this matter should be postponed as is requested.

Mr. NORRIS. Mr. President, I should like to say to my friend from Pennsylvania that it seems to me he is unwarranted in drawing the conclusions he draws. The Senator from Pennsylvania evidently knows what the facts are. Nobody objects. Senators want to give him time to lay the facts before the Senate, but he will not do it. All these propositions give to the Senator from Pennsylvania ample time to discuss the matter, or at least I have not heard any suggestion from him that the time was not sufficient for him to discuss it; but we have not heard him debate it. That is what we want him to do, and he will not do it. We should like to stay in session now, or meet early, in order that the Senator from Pennsylvania may do that. If he can not be here at 10 o'clock, let us go on now, and let the Senator take the floor and go ahead as long as he wants to.

Mr. REED. I have been accused of filibustering, and I have not said a word on this matter.

Mr. McKELLAR. We are perfectly willing for the Senator to go ahead and say something on it.

PROPOSED EVENING SESSIONS

Mr. ROBINSON of Arkansas. Mr. President, I desire to suggest to the Senator from Oregon and other Senators that it may be necessary during the remainder of this week to have evening sessions, and I should like to put the Senate on notice that that order may be asked. I have talked with the Senator from Oregon about it, and I think he concurs.

REMOVAL OF RESTRICTIONS ON OPEN-MARKET TRADING IN GRAIN FUTURES ON CHICAGO BOARD OF TRADE

Mr. WHEELER. Mr. President, I ask unanimous consent that, out of order, I may send to the desk a resolution which calls upon the Department of Agriculture for some information. I do not think there will be any discussion of it at all; and I should like to have action on it to-night, if possible.

The PRESIDING OFFICER. Without objection, the resolution will be received and read.

The resolution (S. Res. 376) was read, as follows:

Whereas it is desirable to get the opinion of the Secretary of Agriculture as to whether or not the 500,000 bushels limitation required to be reported upon by operators on boards of trade should be fixed by law or allowed to be made variable by orders of the Secretary; and

Whereas on October 24, 1932, there was lifted and suspended the restrictions on open-market trading in grain futures on the Chicago Board of Trade by order of the Secretary of Agriculture; and

Whereas these restrictions upon short selling in 1927 for a short time were suspended; and

Whereas prices after both such suspensions declined to the advantage of the speculative short seller and to the disadvantage of producers; and

Whereas the decline in prices, following the order of the Secretary of Agriculture on October 24, 1932, reached lower levels than had theretofore ever been recorded: Be it

Resolved, That the Secretary of Agriculture is hereby directed to ascertain the facts and report to the Senate, giving full and complete answer to the following questions and such others as may occur to him as being pertinent to this matter:

(1) What was the purpose of suspending on October 24, 1932, the reports from board-of-trade members required pursuant to the grain futures act of the accounts of speculators and short sellers?

(2) Were these reports suspended on recommendation of the present chief of the grain-futures department, or were they suspended on request of members of the Chicago Board of Trade or other exchanges? If the latter, who were these parties and what was their position in the market at that time? Were they long or short? If short, did they buy in at a profit when prices later sold down?

(3) What was the effect upon wheat prices of the suspension of the restrictions? What was the position in the market of those affected by the suspension, at the time of and just prior to suspension? What has been their position since?

(4) To what extent have big speculators been active in wheat futures transactions during the drastic price declines of the past two or three years? Have they been dealing on the long or the short side of the market, and to what extent?

Resolved further, That the Secretary of Agriculture in such report shall make a full disclosure of the names and addresses of all persons and firms that have held a speculative short position in wheat futures on the Chicago Board of Trade equal to or in excess of 1,000,000 bushels at any time during the past two or three years, while prices have suffered unprecedented declines, and shall indicate which of these, if any, were also found on the short side of the market during that period in 1927 when the restrictions were lifted the first time.

Mr. WHEELER. I ask unanimous consent for the present consideration of the resolution.

Mr. McNARY. Mr. President, the inquiry that is suggested is a very elaborate one. Is any date set for a report to the Senate?

Mr. WHEELER. No; no date is set for a report. I understand that the department has this information, and can furnish it to me. I have directed the Secretary of Agriculture to furnish it; but it is the department itself that can give me the information.

Mr. McNARY. I am not unsympathetic with the proposal, but I suggest to the Senator that it might go over for the day.

The PRESIDING OFFICER. The resolution will lie over under the rule.

NOMINATIONS IN THE COAST GUARD, NAVY, AND MARINE CORPS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to present, as in open executive session, sundry routine nominations in the Coast Guard, Navy, and Marine Corps, and ask for their present consideration.

The PRESIDING OFFICER. Without objection, as in executive session and out of order, the nominations will be received.

The Chief Clerk proceeded to read the nominations.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the reading be dispensed with.

The PRESIDING OFFICER. Without objection, that order will be made; and, without objection, the nominations are confirmed.

Mr. ROBINSON of Arkansas. I ask that the President be notified.

The PRESIDING OFFICER. Without objection, that order will be made.

(The nominations this day confirmed by the Senate will be found at the end of to-day's proceedings.)

PERMANENT COURT OF INTERNATIONAL JUSTICE (S. DOC. NO. 209)

Mr. MOSES. Mr. President, among the matters upon the agenda for the approaching session of Congress is the matter of the protocol of the so-called World Court.

The Women's Bar Association of the District of Columbia, at the request of the Bok Foundation, have made a study of the question. The report was made by Miss Hope Thompson, a distinguished woman member of the bar of the District of Columbia. I ask unanimous consent that the report may be printed as a Senate document.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. McNARY. Mr. President, in view of what has been said, I think it is a fair compromise to recess at this time until 10.30 o'clock to-morrow. I move, therefore, that the Senate take a recess until that time.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon.

The motion was agreed to; and (at 5 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, March 1, 1933, at 10.30 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate February 28, 1933

COAST GUARD

Lieut. Frank D. Higbee to be lieutenant commander in the Coast Guard of the United States, to rank as such from October 16, 1932.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY TO QUARTERMASTER CORPS

Second Lieut. Albert Eugene Dennis, Coast Artillery Corps (detailed in Quartermaster Corps), with rank from June 12, 1930.

PROMOTION IN THE REGULAR ARMY To be lieutenant colonel

Maj. Lincoln Beaumont Chambers, Corps of Engineers, from February 21, 1933.

To be major

Capt. Donovan Swanton, Infantry, from February 21, 1933.

To be captains

First Lieut. Winfield Scott Hamlin, Air Corps, from February 21, 1933.

First Lieut. Clinton James Ancker, Infantry, from February 21, 1933.

To be first lieutenants

Second Lieut. Willard Burton Carlock, Infantry, from February 21, 1933.

Second Lieut. George McCoy, jr., Air Corps, from February 21, 1933.

PROMOTIONS IN THE NAVY

Commander Warren G. Child to be a captain in the Navy from the 1st day of February, 1933.

Lieut. Commander Ellis M. Zacharias to be a commander in the Navy from the 14th day of January, 1933.

Lieut. Commander Clarence Gulbranson to be a commander in the Navy from the 1st day of February, 1933.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of March, 1932:

Marvin P. Kingsley.

Edward R. Sperry.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of January, 1933:

Gordon M. Stoddard.

Marcel E. A. Gouin.

Passed Asst. Paymaster Vergil L. Marsh to be a paymaster in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1931.

Lieut. Morris Smellow to be a passed assistant paymaster in the Navy, with the rank of lieutenant, from the 1st day of July, 1930, in accordance with the act of Congress approved February 6, 1933.

Lieut. (Junior Grade) Arnold R. Kline to be an assistant paymaster in the Navy, with the rank of lieutenant (junior grade), from the 5th day of June, 1927, in accordance with the act of Congress approved February 14, 1933.

POSTMASTERS

COLORADO

Fred S. Curtis to be postmaster at Saguache, Colo., in place of Daniel Vigil, deceased.

ILLINOIS

Edna H. Hecht to be postmaster at Crete, Ill., in place of E. H. Hecht. Incumbent's commission expired March 3, 1931.

Archibald Corp to be postmaster at New Lenox, Ill. Office became presidential July 1, 1932.

Eber E. Bassett to be postmaster at West McHenry, Ill., in place of E. E. Bassett. Incumbent's commission expired May 12, 1930.

KANSAS

Horace C. Lathrap to be postmaster at Blue Rapids, Kans., in place of H. C. Lathrap. Incumbent's commission expired December 19, 1931.

Sherman F. Lull to be postmaster at Linn, Kans., in place of S. F. Lull. Incumbent's commission expired May 12, 1932.

KENTUCKY

Henry T. Short to be postmaster at Calhoun, Ky., in place of H. T. Short. Incumbent's commission expired January 31, 1933.

MICHIGAN

Julius F. Wenzl to be postmaster at Birmingham, Mich., in place of J. W. Cobb. Incumbent's commission expired February 28, 1931.

NEW JERSEY

Clair MacFarland to be postmaster at Monroeville, N. J., in place of Clair MacFarland. Incumbent's commission expired February 13, 1933.

NEW MEXICO

Charles F. Guillon to be postmaster at Tularosa, N. Mex., in place of R. M. McNatt. Incumbent's commission expired March 16, 1931.

NEW YORK

Henry C. Truex to be postmaster at Bayport, N. Y., in place of H. C. Truex. Incumbent's commission expired February 28, 1933.

Vincent Phelps to be postmaster at Briarcliff Manor, N. Y., in place of Vincent Phelps. Incumbent's commission expires March 2, 1933.

NORTH CAROLINA

Jesse L. Riggs to be postmaster at Bayboro, N. C., in place of J. L. Riggs. Incumbent's commission expired February 28, 1933.

Robert C. Ruark to be postmaster at Wilmington, N. C., in place of F. T. Tucker, resigned.

OHIO

Walter L. Peet to be postmaster at Lectoria, Ohio, in place of W. L. Peet. Incumbent's commission expired December 18, 1932.

Will B. Maynard to be postmaster at Olmsted Falls, Ohio, in place of W. B. Maynard. Incumbent's commission expired December 13, 1932.

Russell C. Niles to be postmaster at West Milton, Ohio, in place of R. C. Niles. Incumbent's commission expired January 15, 1933.

OKLAHOMA

Leonidas C. Ross to be postmaster at Tahlequah, Okla., in place of G. F. Bengel, deceased.

PENNSYLVANIA

Hulett M. Turner to be postmaster at Towanda, Pa., in place of H. M. Turner. Incumbent's commission expires February 28, 1933.

John S. Butterworth to be postmaster at Wallingford, Pa., in place of J. S. Butterworth. Incumbent's commission expired January 10, 1932.

Helen G. Campbell to be postmaster at Woodville, Pa., in place of E. K. Bedortha, removed.

WEST VIRGINIA

Clifton M. Spangler to be postmaster at Peterstown, W. Va., in place of C. M. Spangler. Incumbent's commission expired January 30, 1933.

Harry E. Ewing to be postmaster at War, W. Va., in place of H. E. Ewing. Incumbent's commission expired December 13, 1932.

WISCONSIN

Fred S. Bell to be postmaster at Mosinee, Wis., in place of F. S. Bell. Incumbent's commission expires March 2, 1933.

Milton V. Jones to be postmaster at New Holstein, Wis., in place of M. V. Jones. Incumbent's commission expired February 15, 1933.

Richard A. Hering to be postmaster at Washburn, Wis., in place of Alfred Froseth, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 28, 1933

COAST GUARD

To be commander

Gordon W. MacLane.

To be lieutenant commanders

Carl H. Hilton.	Joseph D. Conway.
Joseph S. Rosenthal.	Charles W. Lawson.
Frank M. Meals.	Frank T. Kenner.
John W. Kelliher.	George C. Carlstedt.
Emette B. Smith.	John Rountree.
Ben C. Wilcox.	William W. Kenner.
Thomas Y. Awalt.	Stephen P. Swicegood.
Alfred C. Richmond.	Henry C. Perkins.
Walter R. Richards.	Paul W. Collins.
Roy L. Raney.	Charles W. Thomas.
George B. Gelly.	Frank A. Leamy.
Russell E. Wood.	John H. Byrd.
Clarence H. Peterson.	Beckwith Jordan.
James A. Hirshfield.	Charles Etzweiler.

To be lieutenant

Leon H. Morine.

To be ensigns

Alvin H. Giffin.	James A. Alger, jr.
Joe G. Lawrence.	Robert S. Lecky.

PROMOTIONS IN THE NAVY

To be rear admirals

Frederick J. Horne.
Alfred W. Johnson.

To be captains

Charles C. Gill.	Augustin T. Beauregard.
Rufus W. Mathewson.	Russell S. Crenshaw.

To be commanders

Robert R. Thompson.	Emory P. Eldredge.
Elliott Buckmaster.	Donald F. Patterson.
Walter S. Delany.	

To be lieutenant commanders

Thomas W. Mather.	Clement B. White.
Joseph B. Anderson.	Albert T. Sprague, jr.
David H. Clark.	Harry B. Slocum.
Ralph H. Roberts.	Cuthbert A. Griffiths.
Valentine H. Schaeffer.	James J. Graham.
Allen D. Brown.	Ernest H. von Heimburg.

To be lieutenants

William A. Bowers.	Alfred J. Bolton.
Joseph H. Garvin.	James W. Smith.
Joseph E. Wolowsky.	William C. France.
John N. Opie, 3d.	Lester K. Rice.
Aurelius B. Vosseller.	John W. C. Brand.
John R. Ruhsenberger.	Homer B. Wheeler.

To be lieutenants (junior grade)

Gordon F. Duvall.
William B. Epps.
John B. Webster.

To be assistant dental surgeons

William D. Bryan.
Paul M. Carbiener.

To be paymasters

Walter W. Gilmore.	Noble R. Wade.
Allen H. White.	Robert C. Vasey.
Daniel M. Miller.	Hilton P. Tichenor.
Alpheus M. Jones.	Charles W. White.
Orlo S. Goff.	Clifford W. Le Roy.

Harry E. Groos.
Francis P. Kenny.
Arthur M. Bryan.

Julian H. Maynard.
Marvin C. Roberts.

To be civil engineer

Reuben E. Bakenhus to be a civil engineer.

To be chief gunner

Frederick M. Tobias to be a chief gunner.

To be chief electricians

John L. Peters.
Paul R. Reed.

Marine Corps

Edward W. Banker to be an assistant quartermaster.
Harold H. Utley to be a lieutenant colonel.
Gilder D. Jackson, jr., to be a major.
Edward T. Peters to be a first lieutenant.
William P. Kelly to be a captain.
William W. Benson to be a first lieutenant.
Eustace R. Smoak to be a second lieutenant.

WITHDRAWAL

Executive nomination withdrawn from the Senate February 28, 1933

POSTMASTER

KANSAS

Fred J. Smith to be postmaster at Galena, in the State of Kansas.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 28, 1933

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, Thou who art supremely just and merciful, continue Thy loving-kindness with us and let us be directed by Thy counsels. Enrich our understanding with wisdom and knowledge. With all diligence may we perform our duties and bear our responsibilities both in public and in private life. Blessed Lord, we thank Thee for the radiance that prevails above us, for all things temporal and spiritual, for the hopes that cheer us, for the hearts that love us, for the brave arms that would defend us, for the best government on earth, and for the countless mercies that daily bless our lives. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a bill, a joint resolution, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 5571. An act to extend the times for commencing and completing the reconstruction of a railroad bridge across Little River in the State of Arkansas at or near Morris Ferry by the Texarkana & Fort Smith Railway Co.;

S. J. Res. 241. Joint resolution to enable the United States Roanoke Colony Commission to carry out and give effect to certain plans for the comprehensive observance of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America; and

S. Con. Res. 44. Concurrent resolution rescinding the action of the Speaker of the House and the Vice President of the United States in signing the enrolled bill H. R. 14500.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the following title:

H. R. 14359. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto.